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# Latin America Report

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24 December 1985

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INTER-AMERICAN AFFAIRS

ARGENTINE PRESIDENT ON RELATIONS WITH BRAZIL

PY280150 Buenos Aires TELAM in Spanish 1418 GMT 28 Nov 85

[Text] Buenos Aires, 28 Nov (TELAM)--Argentine President Raul Alfonsin said that relations between Argentina and Brazil, which are very good, should be even stronger and more than exclusively bilateral in order to analyze problems that not only affect our countries but all of Latin America and also to exchange points of view on general problems.

In statements to Brazilian journalists at the Olivos presidential residence, published today by ANSA press agency in a report datelined Rio de Janeiro, Alfonsin said that the meetings he will hold with Brazilian President Jose Sarney tomorrow and the next day at Puerto Iguacu and Foz de Iguacu on the occasion of the inauguration of a bridge linking these two cities, could represent a true framework for strengthening relations between the two countries. Alfonsin said that we should set aside sterile competitions, which are absurd in the times in which we live and stated in this regard that, instead of rivalries, the Argentines and Brazilians should engage in joint actions with the concert of nations.

According to ANSA, Alfonsin implicitly supported the recent economic measures that the Brazilian government adopted regarding its foreign debt and said that Brazil has enough strength to do without the IMF to meet its international commitments. The Argentine president said that Argentina, Brazil and other nations had held the Cartagena meeting to seek an understanding with the northern countries regarding the political aspects of the Latin American foreign debt, but that they had only had negative responses. However, they have noticed with great interest that political changes are taking place, he said, and that is what they are going to discuss at the next meeting scheduled for Montevideo.

Alfonsin said that the foreign debt problem is merely a consequence of more important economic phenomena, such as the discrimination we are subject to in the foreign trade field, the reduction in trade, and the fact that we are unable to sell our products in the northern countries, in addition to the high interest rates.

In answer to other questions, Alfonsin said he was willing to sign treaties with Brazil on the use of nuclear energy for peaceful purposes. However,

he denied that he is studying the possibility of an amnesty for the Argentine military officers that violated human rights during the repression campaign. When he was asked about the so-called full stop [punto final] law, he said that he thought that was not the appropriate name. He said that, on one hand, the Argentines cannot continue living while looking back at the past as if we were seeking revenge for what happened, but, on the other hand, neither can we pretend that nothing has happened. We must find a path, and that path is justice.

Regarding the Austral plan, he said that the great majority of the Argentine people support it and denied that it is recessionary in nature.

ANSA goes on to report that in his final statements to the Brazilian journalists, Alfonsin said that it was absolutely obvious that in order to grow we had to do away with inflation; due to inflation investments had dropped and there is no growth without investments.

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CSO: 3348/259



INTER-AMERICAN AFFAIRS

BRIEFS

URUGUAYAN-ARGENTINE OIL TRANSACTION--Montevideo, 5 Dec (AFP)--Uruguayan Transport and Public Works Minister Jorge Sanguinetti has said here that Uruguay purchased 450,000 oil barrels from Argentina, within the framework of the CAUCE, an economic cooperation agreement signed by the two countries. Sanguinetti said the price of the transaction will exceed \$12 million.  
[Text] [Paris AFP in Spanish 1525 GMT 5 Dec 85 PY] /12858

ARGENTINE FUNDS TO BOLIVIA--The Argentine Government confirmed that it will contribute \$20 million to the emergency fund to help Bolivia organized by the United Nations. Besides this contribution, Argentina has paid another \$20 million it owes to Bolivia for liquid gas purchases. The government has reported this news to media and it was confirmed by the Finance Ministry. It is recalled that, according to a report by the Bolivian Foreign Ministry, the emergency fund for Bolivia contained \$105 million as of last week.  
[Text] [La Paz Cadena Panamericana in Spanish 1130 GMT 5 Dec 85 PY] /12858

BOLIVIA-PERU BORDER DEMARCATION--The Bolivian Foreign Ministry has said in a communique that the repositioning of an addition to markers along the Bolivian-Peruvian border in the area of Lake Titicaca will be finished by 10 December. General Oscar Wilde, head of the Demarcation Directorate, said that the work had begun on 10 October and was estimated to take 60 days. The markers consist of reinforced concrete posts 2.5 meters tall. The intermediate markers are 1.20 meters tall. [Summary] [La Paz PRESENCIA 8 Nov 85 p 9 PY] /12858

CSO: 3348/259

ARGENTINA

PARTIES SELECT LEADERS, TAKE STANDS

PY302115 Buenos Aires BUENOS AIRES HERALD in English 30 Nov 85 p 7

[Excerpts] (NA-DYN)--Rodolfo Calvo from Mendoza was elected to replace ex-President Arturo Frondizi and lead the Movement for Integration and Development (MID) at the plenary meeting of the party's national committee yesterday afternoon. Esteban Forriti from Cordoba was chosen to fill the vice presidency vacated by Rogelio Frigerio, the party's 1983 presidential candidate. Former foreign minister Oscar Camilion, 1983 vice presidential candidate Antonio Salonia and MID representatives from 19 electoral districts were present at the meeting to elect new leaders and to restructure the party after the crisis caused by top men Arturo Frondizi, Rogelio Frigerio and others when they resigned their positions.

Further resignations are expected now that MID's Carlos Zaffore, elected for the Justicialist Liberation Front (Frejuli) on November 3, has taken his seat in Congress. During the week Zaffore refused to resign. Salonia, who obtained 20,000 votes with Peronist Julian Licastro on the Liberation Front (Freli) ticket in the recent elections, was an early frontrunner to lead the party but sources close to Salonia said he would take a back seat this time and be better prepared to dispute party leadership next time round.

Although nothing has been said officially by the party, it is rumored Calvo will be in office for only twelve months. The principal objective of yesterday's meeting was to analyze the party's performance in the recent elections and in particular their alliance with Peronist sectors. Party members called for "an in-depth analysis" and "an open-door policy" to try to attract deserters back to the fold.

Other parties have also been busy lately and Democratic Centre Union's (UCD) Alvaro Alsogaray called on other liberals "to make a great effort to create a strong liberal centre which will become a clearly defined opposition to the social-nationalist system that is still running our country." Alsogaray is looking to the next elections when he hopes to take even more votes than last time out.

The UCD named their secretary of political action Francisco de Duranona y Vedia as contact manager in the task of amalgamating centrist, conservative

and liberal political tendencies into one group. Newly elected UCD deputies Maria Julia Alsogaray and Federico Clerici are known to be lobbying among fellow liberals in Congress to lay the groundwork for a strong opposition in future sessions.

On the left of the political spectrum, the Christian Democratic Party (PDC) called on their disciplinary committee to decide if their planning secretary Enrique de Vedia and 32 other party members had been unfaithful to party doctrine when they published a newspaper advertisement before the last elections which urged people to vote for the Radical Party.

Intransigent Party (PI) national deputies elected Oscar Alende last Thursday to replace Miguel Monserrat as leader of their congressional bloc when the next session opens. Monserrat will become first vice-president. Alende said the government had not consulted his party when they set up the various parliamentary committees. The PI was assigned the vice-presidencies of the housing, tourism and sports committees.

In a statement issued yesterday the national PI committee came out strongly against "the unending procession of U.S. officials and economists who have recently visited the country to tighten the knots that bind us to the international financial system." The intention of the visitors is to create a climate in the country favourable to U.S. interests.

Fernando Nadra of the Communist Party (PC) came out against Federal Reserve Board Chairman Paul Volcker's visit to Argentina. "Volcker, the shady colonial inspector of the monopolies, brought the Baker Plan up his sleeve to increase unemployment, to decrease our purchasing power and to take state enterprises apart."

According to the Movement towards Socialism (MAS) the FREPU has become the fifth largest political movement in the country and the government is on its way down because they lost nine percent of the electorate last November. MAS attributes the government's loss of 500,000 votes to its policies in favour of the International Monetary Fund (IMF).

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ARGENTINA

DAILY VIEWS REACTION TO ALFONSIN SPEECH

PY040225 Buenos Aires BUENOS AIRES HERALD in English 3 Dec 85 p 11

[Text] (NA-DYN)--The possible incorporation of non-Radicals into government and constitutional reforms to put into effect participatory democracy were both implicit in President Raul Alfonsin's Sunday speech to the Radical National Committee in Parque Norte, Lower House majority leader Cesar Jaroslavsky said yesterday.

He further said the main purpose of the speech was to begin a debate on the basic causes of the Argentine crisis with a view to modernizing the country.

Jaroslavsky also told a local news agency yesterday that the 1986 budget would be presented to the first extraordinary sessions of Congress, which he said would not be held until next February, and that the state of siege would run its full course until Christmas Day.

The new Radical Party first vice-president said the meeting of the new party executive board with Alfonsin in Olivos presidential residence on Sunday night was only "an informal get-together among friends." Party alternate president Edison Otero commented on arrival at the meeting that Alfonsin's speech did not constitute the launching of a "third historical movement" while Jaroslavsky said such a movement would not need to be formally launched.

Roving ambassador Hipolito Solari Yrigoyen yesterday told Radio Continental that Alfonsin's speech would have consequences for the country as a whole and not just the Radicals. He also stressed the importance of maintaining the party independent of the government and denied that Alfonsin could have reserved the Buenos Aires Radical gubernatorial candidacy for Buenos Aires province party chairman Juan Manuel Casella, saying only party members could decide the question.

Several opposition politicians reacted to the speech between Sunday and yesterday. Italo Luder, the 1983 Justicialist presidential candidate, called it another "list of good intentions" and contrasted the appeal to all social sectors with the confrontations between the government and trade unions and with state domination of the economy.

Luder further said there was nothing modern about an economic plan which relied on agricultural exports. In conclusion, he said the intentions as such deserved support but that it was best to await the measures Alfonsin had in mind before delivering a final judgment.

Justicialist Liberation Front (Frejuli) deputy Jorge Triaca said on Sunday that the Peronists should underwrite the democratic pact mentioned by Alfonsin although he called the speech as a whole a "rehash of old proposals."

Peronist Renewal deputy Osvaldo Borda endorsed most of the ideas in the speech, especially the notion that a socio-economic transformation was the task of all sectors, but called for the words to be put into practice.

The Justicialist Unity bloc headed by Diego Ibanez issued a statement entitled "the country needs deeds not words."

Intransigent Parliamentary Party Leader Oscar Alende said: "We will not emerge from the crisis by making speeches" although he praised the president's address for its "original analysis."

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ARGENTINA

ENGLISH-LANGUAGE DAILY VIEWS BAKER PLAN

BY292024 Buenos Aires BUENOS AIRES HERALD in English 29 Nov 85 p 10

[Editorial entitled "Baker Boomerang"]

[Text] If the United States authorities ever thought they could get the Argentine government to abandon its traditional postures by offering to help raise new loans for it in exchange for the acceptance of the free-market doctrines currently favoured in the developed world, they were fooling themselves. As Interior Minister Antonio Troccoli made abundantly clear on Wednesday night, "there is not the slightest chance of the Argentine government accepting demands for opening up the economy, reducing tariff protection, and freeing the exchange rate" in order to become eligible for inclusion in the so-called "Baker Plan." The government's attitude is, in the circumstances, understandable. Even if it had been toying with the idea of plunging unprotected and stripped of exchange controls into the world economic system before the U.S. economic spokesmen strode onto the scene, the mere fact that by doing so it would appear to be surrendering to pressure from Washington would have made this option unattractive. Perhaps there are some governments on earth which would have reacted in a different manner to the proposals emanating from the U.S., but the Radical government is not one of them and the people responsible for marketing the "Baker Plan" in Latin America should have appreciated this from the very start.

This mishandling of this issue by the U.S. representatives is unfortunate. Experience should have taught them that foreign governments dislike having economic policies, even thoroughly sensible ones, rammed down their throats by U.S. administrations, and that the best way of making reasonable proposals unacceptable is to make it obvious that they originated in the minds of U.S. government officials. Indeed, if their real objective had been to prevent the Argentine government from accepting that the time has come to break with the policies that have done so much to bring the country to its present state they could hardly have gone about it a better way.

As it happens, the initiatives Troccoli--and, no doubt, the rest of the government--rejected, can be justified on their own merits because the overall approach they reflect would make sense. For decades governments

have been convinced that the Argentine economy would grow faster behind high tariff barriers and tight exchange controls, and the relative isolation this brought about may be the main reason why the country did not share in the economic revolution that raised the standard of living of about 700 million people after the Second World War. Changing course now would naturally be very difficult and the government's reluctance to do so is easy to understand. If it does not change course, however, the result could be Argentina's failure to benefit much from the next upsurge of growth just as it failed to benefit from the previous one.

In today's interdependent world closed economies sheltered by high protectionist barriers and controlled exchange rates are unlikely to prosper unless the people inside them have a remarkable capacity to save the money needed for large-scale investments. And even if they have this capacity there would be no guarantee that this would be enough. This being the case, the conditions for enjoying the benefits of the "Baker Plan" are reasonable enough, and accepting them would probably benefit both Argentina and its creditors. The trouble is, of course, that the proposals have been presented as "condition" at all. In any event, the enthusiastic lobbying of the plan's supporters, has, not surprisingly, turned out to be counterproductive, and if there ever was much of a chance of the Radical government making a dash for liberalization that chance has become much smaller since the "Baker Plan" was mooted.

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CSO: 3300/66

ARGENTINA

CGT LEADERS REPORT ON MEETING WITH VOLCKER

PY301653 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2050 GMT 29 Nov 85

[Text] Buenos Aires, 29 Nov (NA)--Leaders of the General Confederation of Labor (CGT) have told U.S. Federal Reserve chairman Paul Volcker that the CGT is in favor of a moratorium on the foreign debt, and that Congress should review all foreign loans to determine whether they are legally binding or whether only a portion of the debt should be paid.

Instead of commenting on the CGT proposal, Volcker sought to justify the sacrifice imposed by an economic adjustment like the one being implemented in Argentina.

The CGT position was outlined in detail by five of its main leaders who today met for nearly 2 hours with Volcker at the U.S. Embassy in Buenos Aires. CGT Secretary General Saul Ubaldini did not attend the meeting.

The CGT leaders emphasized the need to regard the debt as a political issue and stated that Argentina should commit itself to honoring its debt "although not at the cost of making the people starve."

The CGT delegation was made up of Aldo Serrano (light and power sector), Armando Cavalieri (commerce sector), Juan Farias (construction sector), Ruben Pereyra (sanitation sector), and Patricio D'Anna (meat processing sector).

Since newsmen were not allowed to enter the embassy, they had to obtain a report on the meeting from the CGT leaders as they left the embassy.

The CGT leaders emphasized again that "a political consideration of the debt is urgent because the policies of Latin American countries are being conditioned by their foreign debt."

Volcker told them that Argentina should promote confidence to pave the way for the return of Argentine capital that has been taken out of the country.

"By promoting confidence, you will lay the foundation on which you will erect future building," Volcker told the CGT leaders.

The CGT leaders replied: "The problem is that we do not have a blueprint and do not envisage any solution."

Volcker and the CGT leaders agreed that without economic growth, no country can repay its debt. The CGT leaders emphasized, however, that honoring foreign commitments is not their only goal.

The CGT leaders said: "We will need a national democratic discussion on how we can change the nation we have into what we want it to be, on the role of the government and the private sector, and on how to efficiently generate wealth."

They added: "We want to repatriate capital assets to bolster growth because we are aware that we promote growth with our own resources."

One CGT leader told Volcker that "the Argentine labor movement is not against capital; it merely wants capital to be used to benefit man."

Volcker and the CGT leader spoke in their respective languages; thus interpreting services were required and the meeting was longer than it otherwise would have been.

The meeting was arranged on 28 November shortly after the CGT publicly criticized Volcker for having excluded the CGT from his agenda.

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CSO: 3348/257

ARGENTINA

YOUTH COMMITTEE VOICES SUPPORT FOR PLO

PY301052 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1627 GMT 29 Nov 85

[Text] Buenos Aires, 29 Nov (NA)--The Argentine Committee of Solidarity for the Palestinian People, made up by Radical Civic Union [UCR], Justicialist Party [PJ], Intransigent Party [PI], Communist Party [PC] and Christian Democratic Party [PDC] youths, urged the government "to allow the PLO to open a diplomatic mission in Argentina."

The committee issued a communique on the occasion of the "day of international solidarity with the Palestinian people" established by the United Nations. The communique called for "unity between Palestine and Argentina as well as other Third World countries for the march toward liberation and the recovery of occupied territories: the Malvinas and Palestine."

The communique went on to "reaffirm the rights of the Palestinian people to return to their land, to self-determination and to a sovereign Palestinian state," and mentioned several UN resolutions favorable to these rights.

It demanded "the withdrawal of Israeli forces which have occupied territory in Palestine, Lebanon, Syria and Egypt since 1967" and repudiated "Israel for its support for South Africa's racist regime and Central American military dictatorships."

The communique suggested "holding a diplomatic peace conference aimed at resolving the Middle East conflict under the auspices of the United Nations in which the PLO should participate as the only legitimate representative of the Palestinian people."

The communique is signed by Marcelo Lopez Alfonsin (UCR), Patricia Bullrich (PJ), Jose Bonzi (PI), Eduardo Lazara (Authentic Socialist Party), Luis Chenone (PC), Eduardo Conte (PDC), and Hector Beiro, representing the Association of Malvinas Veterans of the Federal Capital.

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CSO: 3348/257



ARGENTINA

BRIEFS

POPULAR MILITIA DENIED--San Miguel de Tucuman, 2 Dec (TELAM)--Government, Education and Justice Minister Jose Alberto Cuneo Verges tonight stressed that the results of the investigations that have been carried out indicate that popular militias do not exist in Tucuman. Former constitutional president Arturo Frondizi had made a charge that popular militias were training in the province in order to replace the nation's armed forces. The official also stated that the population need not fear, because an atmosphere of total normality reigns at the present time. He indicated that he will ask Frondizi for evidence to back up the serious charge that he has made. The Provincial police chief, Commissioner Guillermo Corbalan Costilla, retired, tonight stressed that Frondizi's charge has no truth in it, because the appropriate investigation has been carried out with totally negative results. He also stated that the results have been handed to the government minister. [Text] [Buenos Aires TELAM in Spanish 0113 GMT 3 Dec 85 PY] /7358

IDB LOAN--(DYN)--The Inter-American Development Bank (IDB) yesterday approved a 40-million dollar loan for Argentina to modernize the Siderca steel tube plant in Campana. The loan will be paid back over 15 years at a variable interest rate on annual payments adjusted according to IDB's loan costs on the international capital market. The credit will be given in foreign exchange and amortized in six-month installments, the first falling due 180 days after final scheduled payment, backed by a National Development Bank guarantee. The overall project, estimated at 406.4 million dollars will be covered 23.6 percent through IDB loans, 43.1 percent by Siderca and the remainder by international private banks and other financial institutions. [Text] [Buenos Aires BUENOS AIRES HERALD in English 28 Nov 85 p 3 PY] /7358

OIL, GAS RESERVES--(NA)--State Oil Company president Rodolfo Otero announced yesterday that 1985 oil production "is slightly below" last year's but assured there was no shortage problem. "On the contrary, Argentina will have reserves for export," Otero said. Yet he also stressed the "imperative necessity to increase reserves" which at the moment "barely suffice for a critical 8.8-year period." Otero underlined that the "389 million cubic metre-reserve represents a mortgage on future national growth." Oil has contributed an historical 600-million dollar export high for the 1985 balance of payments, representing six percent of the Gross Domestic Product, he added. The YPF president also told an Avellaneda Radical Party chapter that the country's estimated "780,000 million cubic metres of gas reserves will also play an important" energy role in the future. [Buenos Aires NOTICIAS ARGENTINAS in Spanish 2 Dec 85 PY] /7358

BOLIVIA

MINERS PROTEST NEW WAGE PROPOSAL

Mineworkers Meet

PY041502 Paris AFP in Spanish 0320 GMT 4 Dec 85

[Text] La Paz, 3 December (AFP)--It was learned in La Paz today that the Bolivian mineworkers have decided to hold a national meeting to review the new wage proposal made by the government despite an existing ban on meetings imposed by the Interior Ministry.

Miners leader Elias Camara has announced that it is impossible to postpone the meeting and that the workers have to review the new wage scale put out by the government last weekend setting the new minimum wage at 30 million pesos (\$19).

Meanwhile, Interior Minister Fernando Bathelemy has sent a note to the mineworkers federation reminding them of the existence of the state of siege prohibiting them from holding meetings.

Within this context, 2,000 miners from the San Jose mine in Oruro, south of La Paz, are maintaining a state of emergency, demanding that the government review its economic policy. Otherwise, they ask that their social benefits be cancelled and that a safeconduct be granted to them so they can leave the country for any other country where they can work.

A similar decision is to be passed by mineworkers in Potosi and by all the Mining Corporation of Bolivia (COMIBOL) workers.

Work Stoppage

PY021200 La Paz Cadena Panamericana in Spanish 0000 GMT 3 Dec 85

[Relay from Oruro by Cristina Corrales]

[Excerpts] The San Jose miners have started a stoppage demanding that passports be granted so that all the workers who resign can go abroad.

Oruro Prefect Leoncio Rocha has explained the government's point of view regarding the stoppage by the mine workers, who have paralyzed activities

in the San Jose mine and are demanding safe conducts to go abroad if their wages are not improved.

A tense atmosphere prevails in this department, where we were able to talk to other persons who explained that the workers are demanding a wage increase.

#### Catavi Miners Request Meetings

PY041028 La Paz Cadena Panamericana in Spanish 0000 GMT 4 Dec 85

[Excerpt] A state of emergency and general mobilization has been decreed in the Catavi mining district.

A report from Panamericana correspondent in Llaallagua states that the miners of the Siglo Veinte mine have rejected the government's new salary policy. Moreover, the workers of Catavi and Siglo Veinte mines have requested the Trade Union Federation of Bolivian Mineworkers to hold a national miners meeting in Catavi, since there is a better chance there to freely discuss the problems currently affecting the mineworkers.

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CSO: 3348/266

BOLIVIA

BRIEFS

NEW OIL WELLS--The Bolivian Government Oil Deposits has officially announced the discovery of three new oil wells in Ichilo Province, 180 km northwest of Santa Cruz City. Exploration well Cascavel X-2 is producing between 420 and 830 barrels of petroleum per day; exploration well Sirai X-1 produces 600 barrels of petroleum and 15 million cubic feet of gas per day, and exploration well Boqueron X-1 produces 230 barrels of petroleum and 3 million cubic feet of gas per day. [Summary] [La Paz Cadena Panamericana in Spanish 1130 GMT 30 Nov 85 PY] /12858

MEDIUM-SIZED COMPANIES PROMOTION--Planning and Coordination Minister Guillermo Bedregal said that the new economic model will promote the organization of medium-sized companies. He said that the new business criteria imposed by the new economic policy will bring the structural change proposed by the government. The change will mainly provide a business, technological, and administrative response to the needs for agrarian reform. Bedregal said that the agrarian reform has never before been properly responded to through the use of medium-sized companies, freely formed associations, or cooperatives. The minister said that the new economic policy is not just a rhetorical change, but is a real reorganization of the national powers to rationalize privileges. It also means that cooperatives should be formed on the principle that a company should not necessarily be under the patrimony of some bureaucrats or capitalists. Bedregal concluded by saying that this change will constitute a beneficial framework for regional development that will bring out the productive potential of the people and protect the majority of the people from greediness and oligarchy. [Text] [La Paz Cadena Panamericana in Spanish 1130 GMT 3 Dec 85 PY] /12858

POLICE DISLODGE WORKERS--Santa Cruz National Roads Service workers who were staging a hunger strike inside their office building were dislodged from there by the police yesterday. It was reported that some of them were injured. [Begin relay from Santa Cruz by unidentified reporter] A group of workers from the district National Roads Service who had started a hunger strike yesterday morning inside their office building was dislodged in the afternoon by the police who entered the place using tear gas. Salvador Molinas and Felix Lozada were wounded by rubber bullets. Department Police Chief David Miranda reported that the operation was carried out after the roads services authorities had denounced that the workers had occupied the

office building. However, department roads services director Engineer (Bebe Bigaldini) said he knew nothing about the charges, but added that a labor leader had been dismissed because he was not legally authorized to hold his post. The Santa Cruz human rights office released a document this morning condemning yesterday's violent actions. Meanwhile, the wounded individuals are in the San Juan de Dios Hospital recovering slowly. [end relay] [Text] [La Paz Cadena Panamericana in Spanish 1700 GMT 3 Dec 85 PY] /12858

ROAD WORKERS STRIKE--More anarchy. National Roads Services workers leaders have declared a 24-hour stoppage to protest against the arrest of some labor leaders. In a communique released to the media, the road workers state that the strike is taking place today, Wednesday, throughout the whole country. They also demand the release of the arrested labor leaders in the Santa Cruz district. The road workers also request the government to dismiss Engineer Jaime Miguel (? Mieme), Roads Services district chief, due to his insensibility with the workers. [Text] [La Paz Cadena Panamericana in Spanish 1700 GMT 4 Dec 85 PY] /12858

CSO: 3348/266



BRAZIL

BRIEFS

GOIAS STATE DIVISION VETOED--The new Brazilian state of Tocantins remains in abeyance. President Jose Sarney has decided to veto for the second time the creation of the new state in keeping with a bill approved yesterday morning by the National Congress. The president asked the planning secretary to conduct a study on this matter, and the latter concluded that the division of Goias State is not economically viable. [Text] [Sao Paulo Radio Bandeirantes Network in Portuguese 0900 GMT 5 Dec 85 PY] /12913

ANGOLA OIL FIND--BRASPETRO, an oil prospecting subsidiary of PETROBRAS, has announced the discovery of an oil well at the mouth of the Congo river, in Angola. The well was given the name Tiburon IV and is currently producing 2,800 barrels per day. The BRASPETRO company is prospecting for oil in Angola in association with the Angolan SONAGOL Oil Company, the French Total Company, and the U.S. Texaco Company. [Summary] [Paris AFP in Spanish 0453 GMT 28 Nov 85 PY] /12913

CSO: 3342/40

CHILE

# SOCIALIST LEADER OUTLINES PARTY POLICY

PY051309 Santiago Radio Chilena in Spanish 1630 GMT 4 Dec 85

[Excerpt] During a press conference, Socialist Party Secretary General Carlos Briones announced the resolutions adopted by the 4th plenary meeting of the Socialist faction that he leads. The plenary meeting was held during the past weekend.

Briones states that his party will remain a member of the Socialist bloc, which they consider a strategic alliance, and a member of the Democratic Alliance for tactical reasons.

However, he said his party supports the policy of a single, unified opposition to the military regime. To achieve this goal, we are willing to talk with parties ranging from the right to the extreme left, if the Communist Party can be considered an extreme left party, he added.

Briones stated that his faction has reiterated that it will continue to struggle to prevent exclusions within the national accord for transition to democracy, in conformity with the position that his faction has adopted regarding the accord.

He then explained that the Socialist Party has decided to talk with the Communist Party.

[Begin Briones recording] The plenary meeting has decided to implement a policy of permanent dialogue with the Communist Party. Obviously, this dialogue will be held provided it complies with the terms of our policy. When we talk about exclusions, we also refer to the Communist Party. This is very funny, because when we talk about exclusions, we are not talking about the Christian Democratic Party [PDC] alone. The PDC and the Communist Party have sometimes raised issues that have led to exclusions. At times the two parties even agreed on issues that have led to exclusionary positions, for example at the universities, where there were exclusions, and within the labor movement, without taking into account [words indistinct]. But I want to make it very clear that we are not trying to [word indistinct] or to change their current policies. We want to build a single opposition movement in line with the current situation. [end recording]

/12913  
CSO: 3348/247

CHILE

DAILY BELIEVES NATIONAL ACCORD FEASIBLE

PY052132 Santiago EL MERCURIO in Spanish 2 Dec 85 p A3

[Editorial: "Paths to a transition"]

[Text] In the divided national political arena there are only a few subjects on which the various sectors seem to agree. But one of these subjects, undoubtedly, is the goal of leading the country toward a full democracy, a desire shared by a great sector of the citizenry. However, the fulfillment of this objective is hindered by the various opinions that the Marxist and non-Marxist sectors have about it and by the substantial differences revealed during a recent poll carried out by "EL MERCURIO" and the methods that must be adopted to restore democracy.

Many fear, with reason, that the transit toward democracy will unavoidably entail a period of instability and violence. In order to avert this danger and make the future institutionality sufficiently solid, the political leaderships must make the necessary efforts to obtain a broad national consensus which, if it intends to be effective, should not exclude the Armed Forces or the government. The politicians--with the sole exception of the Popular Democratic Movement and its supporters--seem to be aware that, in order to achieve a democratic outcome, a dialogue with the regime is necessary. However, while the sectors that are closest to the government believe that talks should be the first step, a sector of the opposition believes that first of all it must exert pressure through a social mobilization, because, without it, the armed forces allegedly would not be willing to negotiate.

People have gradually become aware of the need to obtain a broad consensus, through negotiations, that will allow the solid and stable development of democracy. The National Accord for the Transition to Full Democracy, which managed to unite--at least with words--very diverse national sectors, represents a move in that direction. However, the fact that it lacks explicit pronouncements regarding some important issues has caused divisions among those who signed it regarding the basic aspects of its content. Its effectiveness has also been diminished because it has not been signed--partly because the efforts to obtain its signature were not exhausted--by a fundamental political party such as the government.

However, the attempt to reach a national agreement is possible. And this will be possible as the lessons of this experience are learned and as the conciliatory will become stronger. Similar points of agreement have gradually been reached on important issues and it might be prudent for all sectors to start discussing these issues. Thus, there seems to be a consensus on the need to expedite the enforcement of the complementary laws to the Constitution, especially the law on political parties, which would recognize the legitimacy of these groups to participate in talks with the authorities. There have also been coinciding points of view regarding the possibility of some amendments to the Constitution. Even those sectors closest to the government have recently voiced their support for expediting constitutional amendments regarding the plebiscite for 1989. The opposite side, for its part, has stopped demanding that the current presidential term be cut short.

It is necessary for the government authorities as well as the political sectors to make an effort to overcome their differences and start the dialogue on these and other issues. Only by doing so will it be possible to peacefully build a solid and stable future institutionality.

/12913

CSO: 3348/247

CHILE

OUTCOME OF 21 NOVEMBER RALLY REVIEWED

PY041601 Santiago HOY in Spanish 25 Nov-1 Dec 85 p 5

[From the publisher's column: "The Meaning of a Demonstration" by Emilio Filippi]

[Text] The opposition held a mass rally on 21 November at O'Higgins Park. Thousands of persons from all social and political sectors rendezvoused in that enormous park to reaffirm their decision to rescue Chile's great values.

The Democratic Alliance had organized the rally, but this did not prevent the participation of other political organizations, nor was this participation an obstacle to the very peaceful way in which the rally was held. When the people meet, one does not have to fear that there will be incidents or excesses, although the government strongly stresses that they do occur.

The civic rally of the opposition demonstrators, which was peaceful and mature, gives the lie to those who insist on keeping Chileans under wraps. The same can be said for the very clear message that emerged from the rally in view of the motives of the participants and in view of the profound speech given by the day's only speaker.

Therefore, the opposition has sufficient power to mass the people. The fact that it is capable of interpreting the ideas of millions of anguished, desperate Chileans who are suffering the effects of a policy that goes against the interests of the great majority must be motive for thought. And the same thing applies when that same opposition proposes the need for a quick transition to full democracy under the praiseworthy, but very precise, terms of the National Accord. The hope that the real country has expressed regarding this alternative is an undeniable political fact that the person who has aroused so much opposition is willing to use any method to remain in power.

It is this black prospect that the country is rejecting. When thousands of fellow countrymen are going hungry and lack the means to reverse the situation; when it is known that situations of intolerable arbitrariness occur every day; and when the government wastes its time creating irritating privileges for certain people, even for those who are reportedly involved in criminal incidents, and yet cannot find creative solutions to the great national problems, then it is quite logical that overall repudiation should exist. The fact that this repudiation has been expressed in a civilized and responsible manner should be evaluated intelligently and clearly.

But, if all of this is not clearly understood then it is possible that the peaceful means, the reasonable and moderate path of an ordered transition, will be exhausted. The signs of violence that have regrettably emerged can be avoided. But, if the people see that they are not being heard and stupidity is to be the policy, then it is very probable that we are at the doors of a tragedy that even the government of General Pinochet can still prevent.

Of course, that is if stubbornness does not blind his understanding.

/12913

CS0: 3348/247



CHILE

CHILEAN 1985 TRADE BALANCE SURPLUS

PY041516 Santiago EL MERCURIO in Spanish 28 Nov 85 pp A1, A16

[Excerpt] According to the preliminary figures disclosed by Economy Under Secretary Colonel Jorge Valenzuela, as of 7 November the Chilean trade balance showed a \$689.3 million surplus.

Exports up to the aforementioned date had amounted to \$3,183.6 million, while imports amounted to \$2,494.3 million.

Valenzuela stated that he believes the country will be able to fulfill the goal set for 1985 of a trade surplus of \$700 to \$750 million.

According to the latest official reports, the trade surplus for the January-October period this year amounted to \$666.6 million, compared to the \$232.3 million surplus during the first 10 months of 1984.

In October the trade balance showed a surplus of \$124.3 million, while in October 1984 it showed a deficit of \$64.5 million.

Last month Chilean exports amounted to \$377.4 million, which represents a 48 percent increase over exports in October 1984 and a 55 percent increase over September 1985.

The latter increase was mainly caused by mineral exports. The value of mineral shipments increased from \$131.9 million in September to \$233.2 million in October.

Exports of agricultural, livestock, and sea products also experienced an increase compared to October 1984 and September 1985. Exports of these products amounted to \$161.1 million in October, which represents three times as much as in October 1984.

/12913  
CSO: 3348/247

CHILE

INDUSTRIAL PRODUCTION, SALES SEEN STABILIZING

Santiago EL MERCURIO in Spanish 15 Oct 85 p A-3

[Text] Chilean economic results for the current year were considered modest by different specialists. At the beginning of the year, private analysts estimated that growth rates of the product would fluctuate between 0 and less while government projections placed it at around 4 percent. Recently, economic authorities have mentioned a more conservative figure, estimating that the growth in the PGB [Gross Geographic Product] might be 2 percent for 1985. The economic agents have been observing the evolution of some variables during these months such as the production and sales levels in order to compare these indicators. Although incomplete, they help estimate overall economic behavior and its trend.

The industrial production index hit 113.4 points last July, the highest level in 1985 but lower than that recorded in August 1984 when it reached 115.2, according to the measurements of the INE [National Institute of Statistics].

A similar thing happened with industrial sales. In effect, the highest index this year was 109.8 in March. This is higher than the best results achieved last year when indices of 105.3 were reached in July and October and 107.1 in December.

If the months of January and February are excluded for the last 2 years, industrial production ranges from 96.1 to 115.2 points while industrial sales range between 96.9 and 109.8 points. It should be recalled that the base for both is 100 in 1979.

A more careful examination shows that the average for the last 24 months is 104 points for industrial production and 101 for sales. Although this simple correlation does not take seasonal changes into consideration, it demonstrates the fact that, despite the small ups and downs from one month to the next, both sales and industrial production are relatively stationary. These statistics do not reflect any major revitalizing trend. This reasoning seems to agree with the general level of activity observed in the country so far this year. The increase in demand in the economic cycle brings with it an increase in production so that it can meet those new requirements. In turn, the demand is conditioned by expenditures and investment by both the private sector and the government. This year, the fact that the people have seen their

purchasing power decrease due to inflation and the drop in real wages can be added to government austerity in spending. Under these circumstances, it is normal for industrial activity to be depressed. The purpose of this policy is to reestablish the basic balances in our economy and absorb the costs of the domestic and foreign recession and the impact of the deterioration of trade terms. Rather than look at the behavior of economic variables in recent months, it is interesting to observe when these current trends will begin to definitely change. The stabilization in the sales and production indices and the inflation rate itself could suggest that we are close to the inflection point.

7717

CSO; 3348/131

CHILE

# IMPORT SUBSTITUTION INFORMATION CENTER ESTABLISHED

Santiago EL MERCURIO in Spanish 15 Oct 85 p C-5

[Text] A Production Information Center that will give the private sector information related to intermediate products which can be manufactured to replace products that the state enterprises now import was opened yesterday by CORFO [Production Development Corporation].

The ceremony held in the main offices of CORFO was attended by: Minister of Economy Juan Carlos Delano; Brig Gen Fernando Hormazabal, executive vice president of CORFO; Brig Gen Sergio Valenzuela, director of ODEPLAN [National Planning Office]; Maj Gen Patricio Torres, president of CODELCO [Copper Corporation]; and representatives of different private business organizations.

It was pointed out that this center is a response to concerns by the private sector about the need to have an alternative source of reliable information to help reduce risk in their decisions concerning the incorporation of new products to their manufacturing lines.

CODELCO has the first exhibit which will be open until 15 November. It details information related to annual volumes purchased and points out that enterprise's progress in replacing imports with domestic production.

In his speech, Brig Gen Fernando Hormazabal stated that the center "should be a place where the domestic producers can find the many facts they need to implement new lines of production. Information on imported intermediate goods that can be replaced with local production will be especially important."

He added that this initiative is seen as a technical communication link with the private sector, providing a permanent data bank to determine the potential demand for different products and, in turn, consolidating information on the country's potential resources.

It will make it possible to determine the demand for individual intermediate products indicating the main foreign suppliers, latest import prices, annual volume demanded, main importers and technical specifications for the industrial goods.

The minister and vice president of CORFO stated: "It is an attempt to give

the businessman knowledge about new products or lines that can be incorporated in his enterprise and give him as many facts as possible to permit him to establish the potential demand in order to draw up feasibility plans that determine the profitability and viability of the chosen initiative."

Information on CORFO's different mechanisms and systems of aid will be distributed to the national businessmen. These include available lines of credit, data on the reserves and distribution of Chilean natural resources, technological processes applicable to certain sectors, lines of technical training that INACAP [National Professional Training Institute] offers, the feasibility of obtaining subsidies through the Fund for Production Development for projects that represent technological transfer and the possibility of forming a company with CORFO through contribution of risk capital.

Representing the private sector, the president of the Industrial Development Association, Ernesto Ayala, expressed gratitude for the initiative which he called "wholesome" and a response to concerns presented for a long time by the businessmen.

Along with offering the collaboration of the private sector, Ayala said that studies done some time ago establish that the volume of imports by state enterprises that could be replaced represent approximately \$200 million per year.

7717

CSO: 3348/131

CHILE

## DELINQUENT MORTGAGE HOLDERS MEET TO SEEK GOVERNMENT AID

Santiago TERCERA DE LA HORA in Spanish 7 Oct 85 p 11

[Text] Celso Poblete, the president of the National Association of UF Debtors, said yesterday at the Teatro Cariola that there were 639,000 mortgages outstanding in the country. Some 108,000 owners are being sued for being unable to meet their payments and some 90,000 homes are involved in foreclosure proceedings for nonpayment. The objective of the meeting attended by representatives from different parts of the country was to ask the government for a solution for those who run the risk of losing their homes. Under the current economic conditions of the country, those affected have no way to pay the money owed for the purchase of their housing.

The amounts collected in UF from workers and pensioners for these mortgage debts were considered onerous. This situation is aggravated by the delay in payments. When the fifth payment is overdue, proceedings can be initiated that might end with the sale of the house. They complained that SERVIU [expansion unknown] and the National Savings and Loan Association sold their portfolios of mortgage debts to the banking and financial sector which acts without any social sensitivity. This further aggravates the situation of workers, the unemployed and pensioners.

The president of the National Association of Pensioners, Lautaro Ojeda, presented the situation of its members who have this problem and the need for the government to seek a viable solution.

One of the speakers was Roberto Montero of Antofagasta who emphasized that SERVIU contracted the debts of those who purchased housing through it with savings payments. It soon transformed them into UF, changing the rules of the game. Therefore, it lowered the 10,000 savings payments to 8,000 to compensate for changing the debt to UF. This has hurt the insolvent debtors. He revealed that they asked, among other measures, that Decree 578 be applied. It states that mortgage debts must not exceed 20 percent of the family income. Its application could alleviate the serious situations that occur when debt collection in UF represents 50, 60 and even 80 percent of the combined wages of a family.

Then Roberto Presler of Temuco spoke. He said that the debts of the savings and loan system have been readjusted by 10,000 percent in the last 10 years. He added that since pensions were so limited, the pensioners have had to



renegotiate these debts until the year 2010 which is ridiculous. He advocated that the UF and wages be readjusted together to prevent this disaster which has hurt the workers since their mortgage debts keep growing in relation to their income. Pedro Alvarez from Concepcion spoke next. He asked for the creation of a "Front for UF Mortgage Debtors" to demand a government solution to the foreclosures and evictions of the debtors. One example that he gave was that a house mortgaged through the savings and loan system which has a fiscal value of 459,000 pesos has a real value of 800,000 pesos. This is a trap because it can never be paid.

7717

CSO: 3348/95

CHILE

BRIEFS

**EXPORTS, IMPORTS BELOW 1984--**The volume of Chilean foreign trade between January and July 1985 went down 6.5 percent compared to the same period in 1984, according to a report from Central Bank's Office of Operations. The total volume of trade was \$3,993,500,000. The document stated: "The drop in trade was basically caused by imports going down 11.8 percent during that period (from \$1,972,100,000 to \$1,739,800,000). Exports decreased less (down 2.1 percent from \$2,302,100,000 to \$2,253,700,000)." The report added that the slight recovery expected in the prices of copper and other important mining products was evident in July when mining shipments rose 32 percent compared to the same month in 1984. Shipments for the first 7 months of the year continue to be slightly lower than in 1984. The report indicated that shipments of agricultural-livestock and sea products continued to rise at substantially higher rates than in the previous month. These shipments totaled \$412.9 million in the period January to July, 11.4 percent more than the \$370.6 million exported in the same period in 1984. The report concluded: "If current trends continue, the balance will be more favorable this year than last year." [Text] [Santiago TERCERA DE LA HORA in Spanish 9 Oct 85 p 12] 7717

**BUSINESSMEN SEEK REPAYMENT LIMIT--** One of the conclusions of the annual assembly of members of the National Chamber of Commerce was that no more than 10 percent of the revenue from exports should be paid for foreign debt service. The assembly attended by more than 200 delegates from different regions of the country ended yesterday at the Estadio La Araucana in La Florida. The assembly indicated that it approved of the U.S. Government's initiative to review the Latin American debt structure by forming a tripartite committee made up of the IMF, the World Bank and private banking. The Chamber of Commerce also said that if the domestic debt problem was not confronted as a whole right now, there could be a problem with domestic tranquillity in the future. According to the conclusions, the government will be asked to take urgent in-depth measures concerning this. While these are being discussed, it requests a 90-day suspension of executive actions in the courts. During this period, according to the National Chamber of Commerce, formulas for agreement must be found between the creditor institutions, especially those controlled by the state, and the private sector, through its own associations. The Chamber of Commerce agreed to request that the rates for public services take into account the needs of the customers and reasonable margins of profit in order to keep those enterprises from becoming generators of revenue for the Treasury. Agreements on matters related to taxation and foreign trade were

also adopted and will be announced soon. [Text] [Santiago TERCERA DE LA HORA in Spanish 5 Oct 85 p 11] 7717

**PUBLIC WORKS INVESTMENT INCREASES**--Public investments will increase more than 217 billion pesos next year, an 8-percent increase compared to 1985. The minister director of ODEPLAN [National Planning Office], Brig Gen Sergio Valenzuela, announced this yesterday during a press conference in which he referred to the main tasks of that government office. The official indicated that ODEPLAN's work is broken down into planning, regionalization, public investment and social development. He also stressed that social expenditures reached 422.18 billion pesos in 1985, 65 percent of the total state budget. He indicated that government investments in 1986 will reach 88 billion pesos, 41 percent of total investments, and investments by state enterprises will total 129 billion pesos, the remaining 59 percent. He said: "The above shows a reduction in government investments in 1986 and an increase in investments by public enterprises. This situation is consistent with the current policy of reduction of government expenses." He also indicated that ODEPLAN is responsible for planning and coordinating the different initiatives that develop in the economic and production sectors. He indicated that ODEPLAN has actively participated in the regionalization process through different initiatives like the creation of SERPLAC [expansion unknown] which includes 240 of the 450 officials of ODEPLAN. Referring to public investment in 1985, he indicated that 23 percent of it went to the social sector, 22 percent to infrastructure, 53 percent to the production sector and the remaining 1 percent to other areas. He cited the broad gamut of social programs that the government carries out. He indicated that they will be focused on the lower income sectors. They will also be more direct, progressive and integral in the future, especially at the regional level. [Excerpt] [Santiago TERCERA DE LA HORA in Spanish 10 Oct 85 p 9] 7717

**SOUTHERN MAYORS FIGHT EMIGRATION**--Osorno--About a hundred mayors in the southern zone who participated in the National Congress in Santiago told the authorities of the need to expand the rural subsidy programs to prevent peasant emigration to the urban centers and the problems this brings with it. The mayors in the Southern Commission which includes Regions 10, 11 and 12 suggested that studies be coordinated among the education, planning, health and agricultural-livestock sectors to determine the rural areas where, due to their development, agricultural villages should be established. Luis Urzua Romero, the mayor of Osorno who heads the commission, said: "This would lead to a housing solution that would prevent increased rural migration to the city." [By Eugenio Calcagno] [Excerpt] [Santiago EL MERCURIO in Spanish 23 Oct 85 p C-7] 7717

**FISHING SECTOR GROWTH URGED**--The national fishing industry is experiencing major growth. According to the figures that have just been released, between 1974 and 1984 exports in this sector went from \$60 million to \$440 million which means an annual increase during the decade of 22 percent. In a workshop on improved research on our country's marine resources recently held in Concepcion, Dr Hugo Barrales, research director of the Penco school, pointed out: "Between 1980 and 1984, the value of fishing exports was higher than that of agriculture and forestry combined." This reality contrasts with the overall decrease in Chilean exports which went down 22 percent between 1980 and 1984. Our sea, with 5,400 kilometers of coast and an exclusive economic zone of almost three times the land surface, should make Chile a maritime nation because of the ichthyological wealth in its waters. However, our

country does not fully exploit the comparative advantages of its natural conditions in this sector. Although exports in this sector have grown considerably in recent years, the current levels are far from the figures that could be achieved with intensive and efficient exploitation of these resources. Also the increase in exports of maritime products is not reflected in domestic consumption which remains low. The sea offers a large quantity of cheap, nutritious foods. Therefore, it seems very appropriate to have publicity campaigns to encourage the demand for these goods in our country. Countries like Spain have managed to change the consumption habits of their people. To achieve more effective action in research in the fishing sector, the academician presented the need to establish solid and sustained coordination among the 23 centers involved in this work in the country. He also proposed the establishment of price ranges similar to those that exist for agriculture. In his opinion, this would help provide security for the sector and would permit it to incorporate new technologies. The ideas presented at this meeting of experts are of great interest. The authorities involved in the sector should study the conclusions. They could be a major contribution in achieving a strong increase in a sector like fishing that offers our country great possibilities for economic development. [Text] [Santiago EL MERCURIO in Spanish 22 Oct 85 p A-3] 7717

ANTOFAGASTA SHIPS ARGENTINE STEEL--Antofagasta--The first shipment of Argentine steel will soon be shipped through the port of Antofagasta. The regional intendant, Alfredo Calderon Campusano, reported this after receiving confirmation from the Chilean consul in Salta, Ignacio Gonzalez Serrano. He stated that the first convoy that will transport 320 tons of steel from Altos Hornos de Zapala located in Jujuy Province left that trans-Andean location yesterday en route to this city. The steel purchased by the People's Republic of China will be shipped to that country through the port of Antofagasta. This first shipment of steel joins other products from the neighboring country that have gone through the port terminal en route to international markets. This list includes soybeans, French beans and tannin. [Text] [Santiago EL MERCURIO in Spanish 15 Oct 85 p C-5] 7717

CSO: 3348/131

COLOMBIA

FORMER MINISTER SCORES BETANCUR'S PEACE PROGRAM

Bogota EL TIEMPO in Spanish 20 Oct 85 p 14-A

[Article by Carlos Pineros]

[Text] San Andres, 19 October--Former Minister Hernan Vallejo Mejia criticized the government's pacification policy here today, asserting that President Belisario Betancur made serious mistakes that limited the possibility of bringing about peace. He contended that the incoming administration must correct those errors.

He expressed regret that the chief of state has closed the doors to the trade associations that submitted progressive proposals, and instead has opened the doors of the Government Palace and the great hotels to the subversives, even placing the presidential helicopter at their disposal.

Vallejo Mejia stated that he doubts that President Betancur has a clear idea of what kind of social reform the country is demanding, and noted that one of the president's mistakes was that he did not prepare public opinion to face the possibility of the failure of the peace process.

He observed that the private sector is concerned because no one knows for certain whether the Revolutionary Armed Forces of Colombia (FARC) are willing to lay down their arms, or if they are simply "engaged in a logistical game, and will later return to armed action. I don't know if the president is capable of responding to this."

Vallejo Mejia, who was taken by surprise when the president got rid of him only 4 months after appointing him minister of agriculture, explained that he and Betancur share a friendship of many years' duration, and they agree on many issues.

In his opinion, the country needs straight talk, not double talk. He reported that in 1982, in keeping with that position, he acted as a spokesman for farmers and, along with other regional leaders, offered their support to Betancur in the peace process through "labor-management agreements to pay more just wages and benefits. But we were never called upon to help."

There is still uncertainty, he maintained, about what will happen with the violence. He suggested that social reform should entail part ownership of



businesses by the workers. Several experiments along these lines have already yielded favorable results in Colombia.

No matter who the next president of the republic is, Vallejo Mejia contended, he should pursue four strategies: consolidate peace, reactivate production, boost employment, and modernize the structure of the state to reorient public spending.

Vallejo Mejia had been scheduled to speak as a panelist in a debate on employment Thursday, but when Comptroller Rodolfo Gonzalez Garcia announced that he would not be able to preside over the closing ceremonies of the 17th Assembly of the Confederation of Chambers of Commerce (CONFECAMARAS) Friday, the former minister was selected to replace him.

Vallejo Mejia considers that the most urgent priority is to convince everyone of the need to seek peace through civilized means. "The country will not find improvement through violence, only tears and widespread destruction."

"If the bullies and bandits are allowed free rein in the country; if we think only government officials (the president, the ministers, the military) should become involved in the peace process; if we assume the role of spectators, then the nation may be subjected to a long and bloody ordeal. Much suffering lies ahead, and many graves are still to be dug in the cemeteries," asserted Vallejo Mejia.

"The president made an inadvertent but still serious omission in failing to commit all sectors of society (the parties, the workers, the business sector, labor unions, urban and rural dwellers) to the pacification campaign."

The former minister recalled that at the end of 1981, he ordered some studies of the public order situation to help the new government, no matter who won the elections. The results were delivered to Betancur in October 1982, and served as a basis "for the rehabilitation of the violence-prone areas."

Then, said Vallejo Mejia, he personally told the president that "we were willing to cooperate in the pacification campaign, to smoothe out relations between labor and management by raising awareness of the need to pay just wages and the benefits required by law, and to improve the workers' living conditions. But we were never called upon to help."

"Farmers and citizens of various regions were unsuccessful in their attempts to gain access to the president. They knocked on the doors of the Palace and sent messages, because the president felt he could not meet with us," recalled Vallejo Mejia.

#### Mistake

He went on: "I believe that it has been a mistake for the president to closet himself in his office with the representatives of the subversive groups to hold talks with them. He even sent the presidential helicopter to pick them up, and the doors of the Palace were always open to them." He added that he always supported the dialogue with the subversives.



"I think a mistake was made that will have to be corrected by the incoming administration," said the former minister, referring to the president's shutting himself up in his office. The incoming administration, he noted, must undertake political and social reform, with the active participation of Congress and the other forces of the nation. "There are millions of people out there in the cities and the countryside who love this country, who want to give of themselves for it, who are ready to forget about themselves and sponsor a great rehabilitation campaign on all levels, because they are convinced that if they can achieve peace, there will then be progress."

"Yes, the president was given advice, but maybe it wasn't convincing enough," lamented Vallejo Mejia.

He stated that while special attention was given to the subversive groups, the needs of the armed forces were forgotten, as was the need to improve the means available to the police to deal with common criminals, "who will not enter into a pact with the president of the republic."

He also opined that "the president has a certain responsibility that even his friends cannot help him with (and we have stood behind him as his friends for many years), because he did not prepare public opinion to face the possibility of the failure of the peace process. And if that has not been done, the next administration will have to come in and rectify those errors of omission."

Vallejo Mejia was not interrupted by applause a single time. No one even sneezed while he was speaking. Attentive and silent, the audience listened to his words and appreciated his parliamentary manners.

"The least important thing is what the FARC, the M-19 and the government itself do," contended Vallejo Mejia, discussing doubts about what will happen with the violence. "The outcome will be the gain or loss of the people. Ultimately, whatever faction has the support of the vast majority of the population will come out on top."

#### Clean up the System

In the former minister's view, "some reforms that are indispensable for peace have been proposed. They are indispensable because the establishment must be cleaned up. The contrast between the situation of the ruling class and the imbalances and social problems suffered by the rest is fertile ground for violence."

"Agrarian reform has come up against stumbling blocks because of a lack of political decisiveness. The Colombian Institute of Agrarian Reform (INCORA) has not been the proper way to proceed. There is no reason to turn our backs on the real situation, in which social reform must be considered in relation to capital and labor, the ownership of businesses, and the models of social capitalization."

8926

CSO: 3348/134

COLOMBIA

BUSINESSMEN ON WISDOM OF ARMED FORCES COUNTERATTACK ON M-19

Bogota EL ESPECTADOR in Spanish 10 Nov 85 p 1-D

[Article by Marcela Giraldo]

[Text] In the view of some people this was a war operation rather than a rescue mission. For others this event concerned the defense of our national institutions. Some people think that it was clearly an unnecessary massacre, that a dialogue was not attempted or was not pursued far enough and that it was an act of suicide and madness on the part of the M-19 group, leading to an immediate and hasty response by the armed forces. There are even those who think that it was a chaotic and improvised rescue operation. There are also some people who think that the life of a nation and, even more, its system of justice are appropriate subjects for negotiations.

The rescue of the Israelis at Entebbe airport, the occupation of the National Assembly in Managua, the case of the British diplomats in the British Embassy in Libya, the "Achille Lauro" affair in the Mediterranean, the massacre at the Olympic Games in Munich in 1974, and even the 61 days during which the Embassy of the Dominican Republic in Bogota was occupied--all of these incidents have flashed through the minds of many people during these days of mourning for Colombia.

Comments such as, "I wish that now they would kill all of those communists and leftists," "That shows that we have to wash our hands of this dream of peace," "B. B.[President Betancur] had it coming," "That's what you get from dealing with bandits," don't lead to any ideal solution but rather to chaos, destruction, and, finally, war. Because war, and nothing else, was what was really in the minds of the nation.

However, beyond the pitiless violence which all of us, without exception, condemn; beyond the massacre at the Palace of Justice; beyond the easy world of stories, comments, and rumors about what is going on right now--there are uncounted uncertainties, question marks, contradictions, and above all thoughts, lessons, and also hopes for peace in the future.

It is clear that what was in the balance was democracy, the preservation of our national institutions, the necessity for the constitutional order to stand supreme, and the setting of precedents for the future. That is not open to

question. However, a debate has begun on questions that are fundamental for the life of the country: the continuation of the peace process and a political dialogue with the dissident groups, the way in which the government and the armed forces handled the situation, the need to begin a process of basic social reforms, and thinking seriously about what is going to be done in the future.

With that in mind and in an always constructive and thoughtful frame of mind, EL ESPECTADOR undertook a sampling of the views and positions of an important element of national life, the economic sector, in addition to the views of the trade unions, whose opinions have already been published. We sought the views of industrialists, business analysts, and researchers, whose contributions are of great value in clarifying the presently confused situation.

#### A Flood of Question Marks

More questions than answers have emerged from this sampling of opinion. Some of these questions are fundamental in nature. Others are primarily human, while a number are political. There are even some which are strategic. However, these questions are being asked by both industrialists and academics, journalists and judges, as ordinary citizens.

The questions include the following: why did the M-19 occupy the Palace of Justice, when it is the courts which have displayed an anti-militarist position, as opposed to the attitude of exempting the military from the rule of law. It was the courts which opposed torture and which intervened to ensure stronger guarantees for the accused at the verbal council of war at La Picota. What did the guerrilla movement aim at in making this attack--was it to regain lost political prestige? Did that organization perhaps consider the consequences of the government's refusing to negotiate regarding one of the pillars of the political system? Is this coup d'etat the prelude to the end of this organization? What do M-19 members who were not involved in the attack really think of it?

If we take a step back from the decision taken by the government, it is proper to ask: how did the government perform from the point of view of the technical skills of the Army, and why was a specifically military solution chosen for the problem? Was this more a war operation than a rescue mission? Were 3,000 men needed to pacify 40 or 50 guerrillas and more or less 400 hostages?

If better use had been made of the policy of dialogue without giving in to the guerrilla demands, negotiating with them, or accepting their conditions, would this perhaps have provided enough time to avoid a massacre and free a larger number of hostages and save the Palace of Justice?

In a calculation of costs and benefits, weren't the cost of valuable human lives, the material losses, the destruction of historical archives, and the damage to juridical processes perhaps excessive? Was the cost too high and did it justify the benefit sought in terms of protecting democracy? What was on the agenda on 6 November when, it was said, the full bench of the Supreme Court met? Is the story true that the meeting was held to consider an extradition request?

Why kill "men who thought and expressed themselves publicly and in writing, without hiding their names or their signatures? Why were these men assassinated on 9 November? They were condemned without having been heard and found guilty. They were not even condemned for having been simple trade union members." This was stated by Fabio Castillo in his column, "A group of simple judges."

Is coopting judges by decree the right way to appoint them? Why did they kill Carlos Medellin, Alfonso Patino Roselli, Manuel Gaona Cruz, Alfonso Reyes Echandia, Dario Velasquez? Why did they kill Fanny Gonzalez Franco, the first woman to sit on the Supreme Court? Why did they kill Tulio Manuel Castro Gil, Rodrigo Lara Bonilla, Jorge Edgardo Gonzalez Vidales, and other judges as well?

When should the cease fire order have been given? If the government had not acted as it did, would this have led to a political crisis, resulting in some kind of change in our political institutions?

And peace. What is going to happen with this process? Should we stop the process or, on the contrary, continue with more determination? Should we continue negotiations with the FARC [Revolutionary Armed Forces of Colombia] or even, under other circumstances, with the M-19 itself?

#### No Threat to Investments

David Herman, the president of Colombian Motors, although he explained that he did not feel that he was in a position to answer the questions asked of him or to express his views on the situation, made an important contribution to the discussion.

He said: "On 5 November General Motors Corporation announced it would undertake new activities in Colombia, in addition to investing \$1.6 billion and introducing a more economic car in 1986. These announcements reflect a high level of confidence in the future of the country and in the role of foreign investment. Despite the events which have occurred, this investment is not in question, nor is there any reason for reconsidering it."

#### Dialogue Without Bullets

Ignacio De Guzman, the president of the Las Villas Corporation, said that the country must realize that at stake are not only the lives of a number of judges and the Palace of Justice, but rather the national constitution, democracy, and national sovereignty. It was up to the government to take action to defend those principles. The problem was well handled. The cost was high, but it was justified in the defense of the fatherland.

[Question] Wouldn't a dialogue have been better than a military solution?

[Answer] A dialogue cannot take place under threat or where blackmail is being applied, nor can it take place either with bullets flying or hostages being held against their will. The armed forces have the mission of defending law and order, and that involves armed protection. You can't ask the armed forces



to act like a group of seminary students. When a battle begins, you can't be sure when you can order a ceasefire. You have to win the battle. If the government had not acted as it did, it would have lost its legitimacy, and a political crisis would have emerged with some kind of institutional change as a consequence.

[Question] And what of future peace efforts?

[Answer] They must continue, whatever the cost. The country wants peace, because even the humblest elements of the people have come to know what terrorism is. People are fed up with war. But this is not merely a matter of negotiations and military strategy, affecting President Belisario Betancur and the committee. Rather, it affects everyone, our sons, the workers.

[Question] Will the national budget be much affected?

[Answer] In relative terms, this involves an unanticipated expenditure, but we have to rebuild the Palace of Justice, because we are reconstructing the symbol of justice.

Even the M-19

In the view of Jose Alejandro Cortes, the president of the Bolivar Insurance Company, the decision facing the government was very difficult to handle. The position taken by the president should be supported and even admired. Logically, the sacrifice in terms of human lives was tremendous, terrible. However, they will go down in history as martyrs of an unfortunate period in the life of our country.

[Question] But was the action taken excessively forceful or not?

[Answer] What was being discussed at that time was more the issue of peace and the future of Colombia, rather than a confrontation with the guerrillas as such. The government had to prove that it was prepared to enter into a dialogue without threats and to be firm in the face of unacceptable demands. The benefits obtained were substantial, notwithstanding the fact that the sacrifice made was beyond calculation. The material losses were the least significant in view of the choice which had to be made. In the face of the demands by the guerrillas, there was no room for any dialogue.

[Question] Despite this tragedy, should we continue the efforts being made for peace?

[Answer] Obviously, yes. That is, provided and whenever and to the extent possible that the dissident forces agree to take part in the democratic process. All of those who are in arms against the government should have the possibility of taking part in the democratic process, including the M-19.

Hasty Action by the Army

Jose Antonio Ocampo, the economic research analyst and director of FEDESARROLLO [Federation for Development], considered that the massacre that

took place was perhaps greater than was necessary, that the Army acted hastily and did not take the time to consider the alternatives as it should have done in a case like this one. A dialogue should have been undertaken without necessarily entering into negotiations, as such, in order to reduce the loss of life and the fire.

[Question] Do you think that this was more of a war than a rescue operation?

[Answer] No doubt that is what it was. I agree with the government to the extent that the question of the M-19 had to be resolved through the use of some force and that this group was adopting an attitude which was becoming more senseless every day. Its attitude was increasingly out of touch with the policy of peace and what the country wants. This movement had reached intolerable limits. It was almost impossible to reach any reasonable agreement with it. However, a solution should have been found by means of some process other than the way in which the Army acted.

[Question] But on what bases could we have entered into a dialogue?

[Answer] First of all, to permit the evacuation of most or all of the people in the Palace of Justice, in order to avoid such rapid military action. Regarding the acceptance of conditions, we could not have worked things out, given the way the M-19 was operating. However, there was still a complicated question of taking immediate, military action, which I imagine the president was discussing with the members of his cabinet.

[Question] And the peace process is wrecked?

[Answer] Not at all. Furthermore, I consider it inappropriate for some sectors in the country to have taken advantage of the situation to criticize the policy of peace which has produced very good fruit. There are guerrilla elements, such as those in the FARC, who have shown signs of wanting peace. And if the M-19, after this act of madness, engages in a process of self criticism, I don't see why we cannot enter into a dialogue with them once again.

#### Bottleneck in the Courts

In the opinion of Jaime Glottmann, an industrialist, the government acted with proper firmness, but no one thought that the cost would be so high. We gained the benefit of defending our institutions. Furthermore, justice is not open to negotiations. There was no other alternative, because giving way to the guerrillas in the M-19 would have involved surrendering the sovereignty of the country to persons with guns in their hands. But things got out of the hands of the government and of the guerrillas.

He continued: "Neither the government nor the guerrillas thought that things would come to such a catastrophe. But what happened to us had the same effect as anesthesia when a tooth is being pulled. You wake up slowly, until all of a sudden it begins to hurt. We went to bed on 7 November after having heard the news that two judges were dead. We woke up to find that nine judges



had been killed, and now we are told that there were 12 killed, plus the rest of those who died. Then we began to realize the magnitude of the tragedy."

[Question] And the magnitude of the problem facing the courts.

[Answer] Certainly. There will be a gigantic bottleneck in the courts. For example, imagine that the SER [State Research Service], of which Alfonso Reyes Echandia, the president of the Supreme Court, was a member, had learned that the situation affecting the administration of justice in Colombia had reached a dramatic point, with an annual accumulation of more than 300,000 criminal cases and that the average length of time required to hear a simple labor case is now more than 3 and 1/2 years. You can imagine now the bottleneck in the courts which the country is facing. If the situation was previously unmanageable, what will it be like now?"

#### Many Contradictions

In the view of Hernando Gomez Buendia, the director of the Institute of Liberal Studies, there remain two concerns. The first one results from statements like: "Come on! Let's dispose of this question of peace." I consider this unacceptable because we must not confuse things and because this was an isolated action by the M-19. The second concern has many aspects which have not been explained to public opinion very clearly and precisely. In this connection assistance from the government is required to present these aspects properly.

He said: "The efforts made by the government to open a dialogue with the M-19 are not very clear. If such a dialogue was held, the answers of the M-19 group are not clear. The government handled this more like a war than a rescue operation. Who killed whom and what was happening inside the Palace of Justice are matters which no one has been able to clarify with any degree of certainty. There is still a great deal of confusion on the matter."

Mauricio Carrizosa, the economic research analyst, also raised a series of dilemmas. He said: "An evaluation of the situation is difficult, because the benefits obtained are relative when these involve human lives and they cannot be evaluated in the market like any other kind of property in terms of any given kind of strategy. Perhaps the cost of entering into a dialogue would have been less serious. In any case, the decision which was taken could also have been right, in the sense that it protected the integrity of our institutions. It is difficult to know the implications of either decision, and their future effects are uncertain. At best the present cost is highly negative, but, later on, the action taken may turn out to have avoided a greater cost."

5179

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COLOMBIA

# ALL MAJOR PARTIES SUPPORT POPULAR ELECTION OF MAYORS

Bogota EL TIEMPO in Spanish 17 Oct 85 p 8-B

[Article by Jesus Medina S.]

[Excerpt] Political agreements to approve the popular election of mayors advanced yesterday, after more than 2 months of harsh confrontations between liberals and conservatives. At the same time, the Primary Committee of the Chamber approved five other articles in that legislative act.

Liberals, conservatives, Galanists and communists agreed to show their "political desire" to facilitate the passage of the government bill. It has run into many snags in the committee because of the amendments that Cesar Perez Garcia introduced to the text approved by Congress in the first vote last year.

However, the fate of the constitutional amendment remained in the hands of a subcommittee appointed by committee chairman Ernesto Lucena Quevedo to find points of agreement. It must report next Wednesday.

This subcommittee was made up by: Cesar Perez Garcia representing government liberalism; Fabio Valencia Cossio for Jotaemilism; Alfonso Valdivieso for Galanism; Gilberto Vieira for communism; Donald Rodrigo Tafur for conservatism; and the assistant director of liberalism, Cesar Gaviria Trujillo.

However, the legislative act must clear another hurdle to be approved again by the committee since the three articles that caused heated controversies between liberals and conservatives were not voted on.

At the same time, Jaime Castro, minister of government, asked the political leaders to seek the necessary agreements to overcome the differences concerning the amendments that Cesar Perez Garcia introduced to the text approved last year in the first vote in Congress.

Minister Castro warned: "The hasty approval of articles that have aroused controversy can leave the constitutional amendment in dire straits."

Minister Castro also praised the willingness of the political parties to talk about their differences. He assured that, from the political and institutional viewpoint, the popular election of mayors "is the most important constitutional reform in Colombia in the 20th century."

During the long debate yesterday in the Primary Committee, disagreements between liberals and conservatives cropped up again. After mutual recriminations, they hurried up and voted on the five articles that do not require discussion. The first article of the bill was approved last week.

The conservative bench spoke out loudly for the popular election of mayors and repeated its endorsement of the text approved in the first vote. The statement was read by the president of the National Conservative Directorate, Donald Rodrigo Tafur.

Cesar Gaviria Trujillo, assistant director of liberalism, repeated that his party is not against the popular election of mayors as "has been mistakenly stated by the conservatives." He defended Congress' right to make changes in the second vote on legislative acts and Perez Garcia's free decision to introduce amendments to the bill.

Perez Garcia reported that liberalism wants the constitutional reform but warned that conservatism does not endorse discussion of it so proceedings have been delayed in the committee.

A bloc of conservatives and Galanists and communist Gilberto Vieira and the government liberal from Antioquia, Orlando Vasquez Velasquez, warned that they will only vote for the bill as it was released from the committee last year for the first vote.

Vasquez Velasquez' position was called "rebellion" against the liberalist leaders, especially Virgilio Barco, candidate and only party chief. However, Vasquez, a member of Senator Federicco Estrada Velez' sector, explained his decision to the committee.

#### Voting on Five Articles

Before submitting for consideration a proposal made by liberals German Huertas Combariza and Horacio Serpa Uribe, conservative Jorge Sedano Gonzalez and communist Gilberto Vieira, conservative Nestor Nino Cruz repeated his opposition to the bill. He again called the guerrillas "ordinary bandits."

The proposal to quickly vote on the five articles was approved and the chairman of the committee, Ernesto Lucena Quevedo, submitted the corresponding articles for consideration.

The fourth, fifth, sixth, seventh and ninth articles were approved. There was no discussion on them. The result of the vote was 26 votes for and 1, Nestor Nino Cruz, against.

Nino Cruz did vote for the seventh article which refers to the organization of Bogota as a special district not subject to the regular municipal system. This article was passed unanimously by the committee.

The second, third and eighth articles will be submitted for partisan agreement.

The second article was amended stating that the mayor "will be the agent of the people."

The amendment that has caused the most controversy refers to the date for the election of mayors. The conservatives insist that it must be held with the elections for congressmen while liberalism has stated that it must be held with the election of the president of the republic.

Perez Garcia's other amendment establishes that the National Constitution can be amended in specific matters by referendum, after convocation of the Congress and approval by an absolute majority of its members.

#### Articles Approved

After the approval of the six articles, especially the ninth, it is understood that if the constitutional amendment is approved, it will go into effect in 1986. There would be no need to postpone it 2 years as some political leaders have suggested.

The articles approved are as follows:

Article 1: The citizens directly elect the president of the republic, senators, representatives, deputies, councilmen in intendancies and commissaries and councilmen and mayors in the municipalities and the Special District of Bogota.

Article 4: The eighth prerogative of Article 194 of the Political Constitution will be as follows: to review the acts of the municipal councils and mayors and, if they are unconstitutional or illegal, remit them to the appropriate court to determine their validity.

Article 5: The sixth prerogative of Article 197 of the Political Constitution will be as follows: elect municipal officials, comptrollers, when existing laws authorize it, and other officials as determined by law.

7717

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COLOMBIA

INCREASED REVENUES CUT GOVERNMENT'S CASH DEFICIT BY HALF

Bogota EL TIEMPO in Spanish 21 Oct 85 pp 1-B, 6-B

[Article by Jose Fernando Lopez]

[Text] A substantial increase in the current revenue of the state and a slow increase in expenses made it possible to cut the deficit in cash operations of the national government in half in the first 9 months of 1985, according to the latest official evaluations on the fiscal situation of the country.

According to estimates by National Planning, the deficit in cash operations of the Central Sector--figured by comparing its current cash revenue once it enters the Treasury with cash expenses--fell about 57 percent in this period compared to the same period in 1984.

The figures of the Office of the General Comptroller of the Republic showed a similar drop. According to them, the cash deficit in the Central Sector as of 30 September went down about 54 percent compared to the same date in 1984.

This notable improvement in the public finances of the country was achieved, according to both entities, by an increase in the cash revenue of the national government of more than 37 percent, a growth of almost 12 percent in the operating expenses of the state and an 8-percent reduction in investment expenditures.

In cash terms, according to the National Planning report (which varies only slightly from the comptroller's office as to amounts), the current revenue of the state reached 303,534,000,000 pesos as of 30 September (compared to 221,512,000,000 in 1984). The operating expenses in the same period totaled 238,533,000,000 (only 25 billion more than the previous year) and investment expenditures totaled 68,724,000,000 pesos.

As to this last, however, it should be pointed out that only 35,603,000,000 have been used to finance budgeted projects for the current fiscal year. The rest has been allocated for payment of commitments from past fiscal years.

On the other hand, expenses related to the debt service, both domestic and foreign, have increased considerably. According to the report of the



comptroller's office, payments for this rose to 58,075,000,000 pesos at the end of September, a 48-percent increase compared to 1984.

In spite of this, total cash expenses show only a slight increase. According to National Planning, the increase was about 10 percent while the comptroller's office only reports an increase of less than 1 percent.

This disagreement is due to methodological differences in the treatment given to expenses by the two entities. This leads, among other things, to different results as to the absolute amount of the deficit in cash operations.

While the comptroller's office calculates as expenses the amount corresponding to debt amortizations (internal and foreign), National Planning excludes them from the total payments of the corresponding fiscal year.

Consequently, the cash deficit figured by the comptroller's office is higher than that estimated by National Planning. According to the comptroller's office, the deficit as of 30 September 1985 was 65.25 billion pesos (compared to 141.9 billion in 1984). According to National Planning, the deficit on the same date was 36,826,000,000 pesos (compared to 65.25 billion last year).

It is important to point out also--and the two reports agree on this--that, different from other years, the government has not resorted to emission to finance its deficit, or has done so with caution. In effect, the only time it has resorted to this is the legal debt issue with the Bank of the Republic for 24,977,000,000 pesos. This figure compared to the 38,955,000,000 pesos net that it sent abroad for foreign debt service indicates that this year the national budget has been recessive from the monetary point of view.

According to the comptroller's office, the net monetary impact of the national budget in the first 9 months of the year was a contraction of 30 billion pesos. On the same date last year, the effect was expansionist by 28,624,000,000 pesos.

If these trends continue, there could be the paradox that the government had access to a lot of money but could not spend it. The rapid growth of the current revenue has made it unnecessary to resort to already authorized issues but that could create problems in monetary management. In such a situation, the spending policy, especially for investments, will be the key for achieving fiscal balance as well as economic growth.

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CSO: 3348/133



COLOMBIA

ECONOMIC STUDY DISAGREES WITH GOVERNMENT ON UNEMPLOYMENT

Bogota EL TIEMPO in Spanish 16 Oct 85 p 14-A

[Text] The shock program announced by the government to fight unemployment is nothing more than "a collection of good intentions with no consistency or articulation. It does not seem to have much of a following and the possibility of creating new jobs is very limited," according to comptroller Rodolfo Gonzalez Garcia.

He considered the argument that unemployment has grown during recent years due to a greater demographic density or higher wages of the workers "simplistic."

Gonzalez Garcia added: "The reduced level of real wages has impeded the growth of demand and, consequently, has hindered the process of accumulation and technical change."

In his opinion, not only the low wages but also "the concentration of income" have been an obstacle to the process of expansion. The opinions of the comptroller are contained in an editorial in the September issue of the magazine ECONOMIA COLOMBIANA published by the Office of the Comptroller.

The issue includes several studies on unemployment. The author of the main one, Juan Luis Londono, also works for Mission Chenery on employment. He warned that if the 18-percent nominal increase in wages recorded in 1984 and the 6-percent increase in income of the independent workers in 1985 are maintained, there will be a high rate of unemployment accompanied by an "absolute decrease in income of all the population strata, a phenomenon that has not occurred for some years."

Unsatisfactory

Londono began by noting that the country has just completed 5 years of "unsatisfactory economic performance." He predicted that "the conditions of economic development for the next 5-year period are far from being as clear as is sometimes pretended. The economic policy must successfully confront the circumstances in order to resolve the problems that accumulated during the past period."

To the distinguished economist, current unemployment "is more closely related to the impact of macroeconomic unemployment on the production sectors than to new disturbing demographic elements or limitations caused by the wage system."

The deterioration of economic activity in 1980 was immediately reflected in the slowed rate of growth of employment. The alleged stability of the number of employed conceals a drop in salaried employment compensated for by the increase in the ranks of the informal sector of the economy, the tertiary sector or independent workers.

According to Londono's study, the greatest effect on the growth of unemployment is not caused by an increase in the number of people who go out to seek work because they have reached working age and because they form a large demographic cycle, but an increase in the number of people who had jobs and have lost them. This is a radically different evaluation of the explanations the government has for the record unemployment that overwhelms the country: more than 14 percent of the people employed in the formal sector are seeking work.

Londono called attention to the decrease in the public sector's participation in total employment. He said that in 1976 the public sector offered 12.5 percent of the jobs; in 1984 this went down to 10.5 percent.

Londono observed that in the period 1982-84, when there was a general decrease in economic activity, there was no negative change in employment in the "independent" sector but real income went down 20 percent.

The investigator identified three labor markets: the public sector, the salaried workers of the private sector and the independent workers. The imbalances in each market have specific characteristics. For example, the preservation of real wages in the public sector had repercussions on that sector's drop in participation in total employment. A similar phenomenon was seen in the private sector while employment remained the same for independent workers but income fell.

He examined basic aspects of the problem and referred to the notion that the highest unemployment is among people with a high educational level. He found that this is not a new phenomenon nor is it associated with the recession. It does not correctly reflect the evolution of employment and income.

He said that between 1976 and 1984, "the employment rate has been systematically higher for the higher educational levels and it has deteriorated less in the recessive period after 1980." He cited figures: two out of every three university graduates are employed while barely two out of every five people without education are.

7717

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COLOMBIA

BUSINESSMEN PROPOSE 22 MEASURES TO RELIEVE HIGH UNEMPLOYMENT

Bogota EL TIEMPO in Spanish 19 Oct 85 p 8-B

[Article by Carlos Pineros]

[Text] San Andres, 18 October--The country's chambers of commerce and spokesmen for all regions presented a list of 22 demands to the government here today for the purpose of dealing with the current problem of unemployment. The jobless rate is now the highest it has ever been in the country's history.

The 300 delegates from the chambers of commerce, gathered at the 17th Assembly of the Confederation of Chambers of Commerce (CONFECAMARAS), conducted an intensive debate on unemployment (which stands at 14.7 percent of the labor force). During the discussion, in which Labor Minister Jorge Carrillo Rojas took part, the delegates outlined the causes of unemployment and proposed specific solutions.

The key document on the subject was presented by Harold Zangen Janek, of the Valle del Cauca Chamber of Commerce. Francisco Piedrahita submitted another document which discussed the experiences of Japan, the Republic of China in Taiwan, Singapore and East Asia. The document constitutes a report on the results of a mission that visited that region.

Among the causes of unemployment, the speakers mentioned the incorporation of women into the labor market, the exodus of peasants to the cities, the demographic explosion, the decline in production, sales and profits, the influence of technological improvements, the poor education of Colombian professionals (who are trained to be employees, not entrepreneurs), the paternalistic approach of labor legislation, the tendency of the public sector to hire too many unproductive bureaucrats, the inclination of politicians to seek and give out unproductive jobs, the multitude of requirements for carrying out any business activity, the tax system, financial costs, the failure to make appropriate use of natural resources, and the absence of discipline in long-term development plans.

## List of Demands

In view of the many obstacles, the chambers of commerce presented what amounts to a list of demands, analogous to what labor unions or confederations present. The list, which contains 22 points, was delivered to Labor Minister Carrillo Rojas. The points are as follows:

1. Support for the agriculture sector as a source of primary goods and employment.
2. Tax credit for businesses that demonstrate they have created new jobs.
3. Attempts at significant social development in micro-businesses. A limit of 2 new jobs per business should be imposed.
4. Creation of special economic zones in a plan to win new markets.
5. Defense of the currency's buying power by combatting inflation and encouraging agreements among producers, workers, distributors and the government.
6. Support for the installation of labor-intensive industries, such as computers and electronics.
7. More incentives for foreign investment, including special legislative treatment, flexible regulations, and clear long-term rules.
8. Increased public investment in infrastructure and public services.
9. Encouragement for exports of products that have comparative advantages.
10. Rationalization of the tax system to promote private investment, especially in terms of interest rates and credit.
11. Revision of labor legislation.
12. Revision of procedures in all aspects of administration.
13. Imposition of administrative silence to streamline the processing of private matters in public offices.
14. Identification of stimuli that developed countries use to create jobs, for their subsequent implementation in this country.
15. Expansion of raw materials and capital goods imports.
16. Adoption of truly long-term economic policies.
17. Control of municipal, departmental and national taxes to prevent increases that discourage productive work.

18. Moderation in the costs of public services, "which have become unmanageable."

19. Creation of a means to recover the capital that is frozen in banks, warehouses and general deposit areas and put it to work.

20. Granting of risk credit to small and medium industries. Just as credit has been extended to the guerrillas who accepted amnesty through political agreements, why not establish job-creation credit with certain risks for new businessmen?

21. Establishment of a special labor system aimed at devoting manpower to the promotion of new, non-traditional exports.

22. Revision of the exorbitant freight charges imposed by the maritime conferences (read: Greater Colombian Merchant Fleet), which are the highest in the world.

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COLOMBIA

INTERNATIONAL SYMPOSIUM TO STUDY OIL SITUATION IN NATION

Bogota EL TIEMPO in Spanish 20 Oct 85 p 11-A

[Article by Gloria Vallejo]

[Text]--Colombia cannot be considered as having enough oil reserves; it possesses approximately 1.5 percent of the world's reserves, while nations such as Saudi Arabia have more than 50 percent of them.

--The system for paying royalties to the oil companies is unfair, because the hydrocarbons pioneers receive eight times less than new concessions.

--Gasoline is squandered because it is so cheap, and that will have serious consequences in the future.

--If the price of gasoline is not raised, the Colombian Petroleum Enterprise (ECOPETROL) will go bankrupt this year, and moreover, the International Monetary Fund (IMF) will not grant more loans to the country.

These were some of the conclusions stated by national oil officials and the Santander Engineers' Society as a preamble to the Symposium on Petroleum in Colombia, which will be held in Bucaramanga next 21-23 November.

The meeting was attended by Carlos Sanz de Santamaria, former minister and former ambassador; Jaime Arias Restrepo, acting president of the Colombian Association of Engineers (SCI); Jaime Nino Infante, president of the Santander chapter; Jose Manuel Latorre Garavito, executive director of the Symposium; Egberto Ospina B., operations engineer for Houston Oil Colombiana S.A.; Carlos Ney, manager of Hughes Tool; Jairo Londono Arango, chairman of the SCI Energy Resources and Mining and Petroleum Committees; and other officials.

Royalties

Regarding royalties, the engineers reported that they are paid monthly, in accordance with government regulations, with a percentage going to the departments and another percentage to the municipalities, intendancies and police stations.

They expressed disagreement with the way most municipalities use these royalties, however, and advocated supervision of this spending to make sure that there is rational planning and execution just as with health, education and highway projects.

They criticized the system under which royalties are paid to the companies, because payment is made on the basis of the cost of a barrel of oil on the date when the concession was legalized, not current prices. The result is unfair to the pioneers of the Colombian oil industry.

According to this system, the petroleum from old concessions is being paid for at a price eight times less than that of the new concessions. This treatment means that the recent concessions receive more money even if they produce less than the old ones.

#### Oil Tradition

Colombia cannot be classified as an oil producing country today. It has approximately 1.5 percent of the world's reserves, while nations such as Saudi Arabia have more than 50 percent of them.

The engineers stated, however, that the country does have an oil tradition. Many professionals in this field have an experience that is recognized not only in this country, but worldwide. This has enabled them to speak authoritatively in the technical operations committees where the rules of the game, which are universal, are established. These rules determine how the optimum recovery will be made from a deposit under the best possible circumstances, so that both sides will benefit.

ECOPETROL's system of partnership contracts also reflects favorably on Colombia in the world. It is attractive to Latin American countries, which are studying it with a view to adjusting their programs to imitate it.

ECOPETROL President Alfredo Carvajal Sinisterra will speak on this subject, evaluating the results obtained so far with this system of contracting.

#### Gasoline Price Hike

"Because the country charges separate national prices, we suffered so much damage that we actually had to import. We sold gasoline at US \$2.80 a gallon, while in other places it is going for US \$8, \$10, even \$15. Because of this, the multinationals have lost interest in importing gasoline to Colombia," stated the engineers.

They added that it is illusory to expect to have cheap oil here, and to have a realistic situation in the country we cannot afford to think that just because the oil is ours, it will cost us less. The companies coming in are foreign companies. In addition, the gasoline that Colombians consume is subsidized, and this money should be used to invest in projects and create jobs to enhance our development.

Moreover, the oil sector is governed by international prices. The equipment and materials used by the oil industry are manufactured abroad, and must be bought with dollars. We produce only 5 percent of the equipment, among other things, because the market is not representative enough to justify investing in setting up a plant to manufacture drilling pipes or bits. All these items are imported at international prices, which raises production costs. The United States sells a gallon of gasoline for US \$1.30, while in Colombia it goes for US \$0.60.

The fact that gasoline is so cheap in Colombia has led to excessive waste, which could entail serious consequences. The fact is that one day the country will have to bring its prices up to date. The tremendous unpopularity of the measure is another matter, they concluded.

They reported that according to the Business Code, if the price of gasoline does not go up, ECOPETROL will go bankrupt this year. Moreover, the International Monetary Fund will not grant loans to the country.

#### Symposium

The gathering will be coordinated by the Ministry of Mines and Energy, ECOPETROL, and the Santander chapter of the Colombian Association of Engineers.

Other participants will be Acipet, Agempet, ACIC, Camacol, the Ibero-American Association of Chambers of Commerce (AICO), and Aciem.

Among the special guests will be the president of the republic; the ministers of government, finance, public works, foreign relations, mines and energy, and communications; the comptroller general of the republic, the president of the Senate, the president of the House of Representatives, the governor of Santander, the secretaries of the state government, and the mayor of Bucaramanga.

Foreign guests will include Carlos Andres Perez and Humberto Calderon Berti from Venezuela; Mexican Petroleum (PEMEX) President Mario Ramon Beteta; Jaime Rotsein from Brazil; and H. E. Ahmed Zaki Yamani, Saudi Arabian minister of petroleum and mineral resources and a permanent member of the Organization of Petroleum Exporting Countries (OPEC).

Among the topics of discussion at the meeting will be: The Future of Petroleum Marketing in the World, The Past and Present of Hydrocarbons in Colombia, The Replacement of Hydrocarbons with Alcohol, Petroleum Projects Currently Underway, Gas: Its Development and Future in Colombia, and Policies for Distributing White Products.

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COLOMBIA

BARCO GIVES PLAN TO IMPROVE QUALITY OF LIFE IN BOGOTA

Bogota EL TIEMPO in Spanish 21 Oct 85 p 16-A

[Text] The candidate and director of the liberal party, Virgilio Barco, announced that one of the objectives of his government will be the adoption of an integral development plan for Bogota. It will improve the quality of life of the inhabitants, insure the proper execution of the housing construction programs and permit efficient provision of public services to the entire community, especially the poorest sectors of the city.

Barco said that Bogota's metropolitan nature also demands "that its development be promoted and controlled in harmony with the region and the surrounding towns, with the department of Cundinamarca and with the country."

He also stated that in order to achieve those objectives, there must be "judicious and decisive intervention by the state. This is not done in Bogota today since its administration is chaotic, uncoordinated and inefficient."

The candidate made these statements in a message addressed to the Forum on Urban Design Alternatives for Bogota which is being held in the Pilot University of Col. He said:

"The recent development plans for Bogota have followed the tendency to focus attention on the allocation of space to fulfill different social functions. This leads to a cold plan for an inert city. The plans have been physical rather than social or economic. That may be the reason we cannot be proud of the quality of urban life in the capital of the republic today. To achieve the required change, the government that I head will be based on objectives and guidelines that we call Social Economy. We have one main objective: the fight to eradicate abject poverty, the expression of all the social evils that many people in Bogota know, live and suffer from in their communities."

Virgilio Barco added that state services and the supply of essential goods have reached their lowest levels. Those who do not have a high income must settle for housing that does not reflect the dignity of man; tiresome, humiliating and expensive transportation; inadequate medical care; and, in summary, a low standard of living.

He stated that if today's trends continue, the children in the poorest sectors of Bogota who survive the diseases that stem from malnutrition will compete in education and, later, in productive life with obvious disadvantage. Despite the seriousness of the situation, it is impossible for many of the people in Bogota to effect a change in this situation. He revealed: "They are excluded from events; they simply endure them."

He felt that a substantial portion of the growth of the city must be located in an area that does not go beyond the Bogota River, a natural boundary to prevent an undesirable overflow of the city to the Sabana. This will be possible mostly by generating multiple options to solve the housing problems.

He said that a new plan must simultaneously consider promotion and support for housing subdivisions, expansion and strengthening of mechanisms for the purchase of used housing, better leases in urban renewal areas and, as an appropriate solution for many families, rented housing. The programs for housing construction and progressive development in which the citizens themselves, with government support, gradually build their own housing should be promoted, not only through construction of individual houses but through construction of multiple-story homes, a more rational use of urban land.

Barco indicated: "It is not sensible to continue building housing, legally or illegally, on isolated sites where the services would be more expensive and transportation longer and more difficult for the sole reason that, in a speculative land market, those houses are going to be built on cheaper urban lots."

He explained that low-income housing instead must be constructed on sites with easy access where the trip to work is shorter and where the provision of public services is cheaper.

He added that the program of urban reforms will also include the renovation of deteriorated city sectors to take advantage of the infrastructure already constructed in central sites so that life there will again be friendly, comfortable and dignified.

The liberal candidate concluded: "The government's key responsibility in this effort will be the adequate, timely and economical provision of public services, especially potable water, drains and sewers, electricity and transportation. As to the public enterprises, we will try hard to make them more efficient and we will structure a financial system that, without threatening their financial situation, will not place an intolerable burden on the budgets of the poorest customers."

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COLOMBIA

FATE OF AILING FERRONICKEL ENTERPRISE TO BE ANNOUNCED

Bogota EL TIEMPO in Spanish 24 Oct 85 p 11-A

[Article by Jose Suarez]

[Text] The government announced that a final decision on the fate of Cerro Matoso will be made before the end of December. This Colombian ferronickel enterprise will accumulate losses of 23 billion pesos this year and losses of 32 billion in 1986.

The government announced that the probable suspension of the consultation contract that Cerro Matoso has with the U.S. Hanna Mining Company is being studied because the Colombian company "is not happy" with the services of that firm.

According to the figures cited yesterday in the continuation of the debate in the Third Senate Committee about the IFI [Industrial Development Institute] and its investments, Colombia has committed \$200 million to Cerro Matoso. This sum represents the credits acquired by the IFI to invest there and the loan from the World Bank that the state guaranteed.

The manager of the IFI, Sergio Restrepo Londono, spoke at yesterday's session. He concentrated on examining the situation and prospects of that organization and what is happening with Cerro Matoso. Next week he will focus on Papelcol.

Restrepo Londono revealed that this year, in addition to the losses Cerro Matoso will have and accumulate, other enterprises in which the IFI participates will also have losses: 800 million pesos at Alcalis de Colombia; 100 million at Compania Colombiana Automotriz; 23 million at Conastil; and 35 million at Artesanias de Colombia.

Responding to a question from Senator William Jaramillo Gomez, the official maintained that the situation of the nickel producer has become what he called "critical." The partners and creditors must decide whether it is feasible to continue operating or better to close.

The decision will be made before the end of the year based on in-depth studies the government is now carrying out.

He warned that if there is no recapitalization, the accumulated losses of the enterprise will provide grounds for liquidation.

The minister of economic development, Gustavo Castro Guerrero, said that the assets will have been lost by 1986 and the enterprise will again go into "technical bankruptcy." It will not be possible to use the mechanism of reappraising assets to overcome that situation because this was already done in 1984.

If it is capitalized, the enterprise would be yielding profits by about 1990. The government wants Congress to pass a bill that would permit the state to assume the IFI obligations for \$143 million so that it can fulfill its commitments to Cerro Matoso. The amount that the IFI contributes will be matched by the foreign partner.

Despite the technical explanations, the certainty remained in Congress that Cerro Matoso "is dead" and that it is better to close the plant and lose what has been invested than to continue losing indefinitely.

The manager of the IFI indicated that the nickel market has many ups and downs and it is impossible to accurately predict what is going to happen.

However, he pointed out the 100-percent support from its foreign partner, Billiton from the Shell group.

He announced that the possible suspension of the consultation contract that Hanna Mining Company has with Cerro Matoso is being considered in the studies. This decision would be made because of the number of technical problems that the plant has had which have paralyzed it three times. Hanna is a partner in the complex and also has a royalties contract that gives it \$1 million per year, in addition to the consultation contract.

Due to the many problems and additional costs, the total cost of Cerro Matoso has gone from \$400 million to \$600 million.

Cerro Matoso has debts totaling \$255 million: \$150 million with international commercial banks; \$25 million with Eximbank in the United States; and \$80 million with the World Bank.

Restrepo Londono presented several alternatives to demonstrate that projections indicate the operational viability of the plant. The government has said that the minute it stops yielding an operational profit, it would be best to close it.

According to the IFI, with a production of 30 million pounds of ferronickel, the plant operationally needs a foreign price of \$1.79 per pound. Today that price is \$1.87 per pound.

The most recommended projection is based on 40 million pounds of production. There must be a price of \$1.54 to be operable, \$2.20 for a situation of equilibrium and \$3.08 to take care of the financial costs.

In defense of Cerro Matoso, Restrepo Londono maintained that its benefits are: revenue in foreign currency from exports that in 1986 could total \$80 million; the unsubsidized purchase of electricity from CORELCA [Electric Corporation of the Atlantic Coast] totaling 2.5 billion pesos; the direct employment of 1,200 people; development of a coal mine in Cordoba for supplies; and distribution of royalties to the CVS totaling \$1.5 million per year.

In his speech, he gave data and background figures on Cerro Matoso and the amount of losses caused by the damage to the Electric Oven estimated at \$5.6 million plus 2.4 billion pesos in lost profits.

Those additional costs are covered by the \$20 million contributed equally by the IFI and Billiton.

The IFI invests about 7,757,000,000 pesos in the capital of that enterprise. It has granted it credits for \$29.1 million and the total amount of its involvement equals more than 12.5 billion pesos.

#### Future of the IFI

Concerning the function of the IFI, its manager said that, between 1981 and 1985, it has participated in projects with a total investment of more than 300 billion pesos and contributions of 75 billion pesos.

Its assets went from 1,092,000,000 pesos in 1970 to 8.8 billion in June 1985. According to him, at constant prices this demonstrates that the IFI has become poorer. He added that while its resources decrease, its commitments increase.

He reported that the IFI will continue supporting only small and medium projects whose capacity is between 300 million and 4 billion pesos. It will meet those commitments based on revenue from Law 68, the sale of enterprises and profits obtained from its investments.

It now has 80 prospective projects of which 15 require investments of 4.5 billion pesos. The IFI will contribute 30 percent of that.

He told the committee that those projects will generate foreign currency for the country of \$1 billion and the component of imported supplies will be reduced.

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COLOMBIA

ATTORNEY GENERAL SAYS POLITICAL PARTY LAW UNCONSTITUTIONAL

Bogota EL TIEMPO in Spanish 22 Oct 85 p 2-C

[Text] National Attorney General Carlos Jimenez Gomez called yesterday for the Supreme Court of Justice to declare Law 58 of 1985 unconstitutional. The law is better known as the Political Parties Statute.

The law had been challenged in a suit filed by Carlos Augusto Noriega, Cesar Castro Perdomo, and journalist-attorney Orlando Pion Noya, on the grounds that it violated the National Constitution and exceeded congressional powers.

Pion Noya claims in his suit that he agrees with the law's philosophy, in that its aim is to impose morality on fund-raising for political campaigns.

He notes that the law has many inconsistencies and inaccuracies with regard to advertising, however, since it restricts the discussion of issues. He contends that public opinion is harmed by this limitation because the public "cannot make decisions to exercise its right to suffrage in good conscience, and the private life of party leaders is destroyed."

Moreover, "it guarantees the organization of political parties, but it does not define what they are. This is a gaping hole that allows any party member to challenge the election or appointment of party leaders, and does not indicate what procedure would be followed to deal with the challenge."

He adds that "since the parties have to organize and obtain legal personality every 4 years, they become permanent popular assemblies, which is contrary to this article. Although the parties or groups remain under a name or denomination under the present system, they are not constituted as permanent political assemblies, and their leaders merely seek to maintain their followers as organizational links for the future, without political fidelity being the general rule."

Attorney General Jimenez Gomez, for his part, points out that "it should be noted that Law 58 of 1985 was challenged in its entirety, and that on this date the Attorney General's Office has issued an opinion stating that the law is unenforceable. The grounds for that decision are that the ordinary legislative body did not have the power to enact the Political Parties Statute, and that it therefore clearly violated Article 2 of the Charter. On

these grounds, the Attorney General's Office reiterates that Articles 2, 4, 19, 23 and 25 are unenforceable."

Regarding Pion Noya's argument about radio advertising, he notes that "radio broadcasting is a public service, and as such can be regulated by law without violating the Political Charter. The provision that the actor condemns is nothing more than a rate regulation that is also permitted under Canon 39 of the National Constitution in the final paragraph: '. . . the law may order the revision . . . of businesses' rates . . . and those of other public services.'"

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COLOMBIA

FOREIGN TRADE INSTITUTE REPORTS ON EXPORT SITUATION

Bogota EL TIEMPO in Spanish 22 Oct 85 p 12-A

[Text] Colombian exports registered a 5.6 percent jump during the first 9 months of this year, revealed a document on foreign trade drafted by the Colombian Foreign Trade Institute (INCOMEX).

This increase could have been larger, but it was hampered by the drop in both the price and the volume of sales of Colombian coffee on world markets.

According to INCOMEX, the price of Colombian coffee went from US \$1.47 per pound in the January-September period of 1984, to US \$1.41 per pound during the same period of 1985. This resulted a 3 percent decline in the value of coffee exports. The volume dropped from 7.7 million sacks to 7.5 million. Coffee's share of total exports fell from 56.3 percent to 54.4 percent.

In the first 9 months of this year, the overall value of Colombian exports was US \$2.414 billion, while during the same period of 1984 they totaled US \$2.286 billion.

This upsurge was due to the performance of minor export products other than coffee; foreign sales of these goods grew by 17.9 percent during that period, equivalent to US \$167 million.

The value of minor exports during this 9-month period was US \$1.1 billion, according to INCOMEX records, compared to US \$933 million in 1984.

The document stresses that this increase was due to new exports of coal, and to the significant recovery of the industrial sector.

It also credits Colombia's initial efforts to regain markets in the United States, Europe and Venezuela.

Exports of industrial manufactured goods rose by 20 percent during this period. The most outstanding products were leather and leather manufactured goods, due to the recovery of the market in the United States; wood and wood manufactured goods for the same reason; clothing, due to the revival of the market in Venezuela; cement, because of the strength of the U.S. market; and metalworking products, which jumped by 20.9 percent overall.

In the mining sector, sales of heating coal tripled, reaching US \$107 million; and those of precious stones showed evident signs of recovery.

On the contrary, agricultural exports remained sluggish, primarily because of the drop in banana, sugar, long-staple cotton, rice, granulated cacao and beef sales.

The rural sector did make a contribution, however, in the form of satisfactory results in sales of flowers, short-staple cotton, black tobacco and lobsters.

#### By Market

The INCOMEX document points out that when the final destinations of the minor exports are compared for this year, it is apparent that the European Economic Community (EEC) registered a significant growth of 35.3 percent. This places its share at 19.7 percent, compared to last year's 16.6 percent. This recovery is attributed to higher sales of coal, ferronickel, and agricultural products, especially to West Germany, Holland and France.

Increases were also seen in sales to the Latin American Integration Association (ALADI) market. Venezuela took the lead with a jump of 50 percent, while sales to Peru climbed by 26.4 percent.

The document explains that although transactions with the United States did not grow as significantly as those with the EEC, that country is still Colombia's main customer, absorbing 39.4 percent of the total value. The most important products sold on this market are flowers, Clinker and Portland cement, pit-coals, leather and leather manufactured goods, and polystyrene. Sales of lobsters, mollusks, bananas, sugar, granulated cacao, and threads and textiles fell, however.

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COLOMBIA

CONSERVATIVE PROPOSES MAGDALENA RIVER DEVELOPMENT

Bogota EL TIEMPO in Spanish 22 Oct 85 p 9-A

[Text] Conservative presidential candidate Alvaro Gomez, speaking in Magangué, outlined an ambitious plan for integral development based on the recovery of the Magdalena River and the proper management of the lower delta, which is made up of the rivers that converge in this region.

Gomez was attending a new version of meetings with the Colombian people, in which representatives of rice and sorghum farmers, millers and ranchers expressed the problems they are having in their sector. Representatives of youth groups, women and the Liberals also spoke.

The general coordinator of the campaign, Senator Carlos Martinez Simahan, also addressed the hundreds of enthusiastic followers who gathered at the Salerno Theater, filling it to capacity.

Martinez Simahan stated that the presence of so many people from Magangué at this event confirms, as did similar attendance figures in Cali and Sincelejo, that the people support Alvaro Gomez' platform. He went on to say that Gomez Hurtado "is the candidate who represents order, security, development and confidence for Colombians."

In his speech, Gomez Hurtado stated: "There should be a plan in this country to convert the Magdalena River into a great source of national wealth.

"The studies that have been made of the Magdalena River are touted abroad as a model of development for any water basin; but they are still unknown in Colombia, because they were not taken seriously.

"We are going to make a national commitment to harness energy and recover the Magdalena River, to make it a source of great national wealth.

"If we manage to conquer the Magdalena River from below, digging channels and building dams at certain sites, adjusting the water table--so that planting can be done year round if farmers know how to control the amount of water that flows alongside the land to be cultivated--then we would be able to begin harnessing that wealth.

"We could turn that big puddle that runs from Magangue to the mouth of the Cauca River into a system for managing the entire water table.

"Not only La Mojana, which could be irrigated using gravity methods, but the island of Mompox and the entire meandering San Jorge River could all be used under this system to contribute to livestock and agriculture.

"To achieve this goal, we must also allow the peasants to earn a living, as I propose today. As chief of state, my greatest concern will be to provide a market for agriculture, livestock and fishing products.

"The government must take a great leap forward in the technology of food preservation, because packaging what is produced on the farm can provide more jobs than farming itself."

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COLOMBIA

FOREIGN TRADE COUNCIL ELIMINATES EXPORT OBSTACLES

Bogota EL TIEMPO in Spanish 22 Oct 85 pp 1-A, 13-A

[Article by Jose Suarez]

[Text] The Foreign Trade Council yesterday eliminated a number of roadblocks that had been hindering regular exports of a variety of products. It also introduced more flexibility into the import controls imposed on intermediate goods, raw materials and inputs for industry and agriculture.

The government declared at the same time that there is no reason for the chocolate industry to claim a crisis due to the lack of cacao as a raw material; there have been absolutely no controls on imports and exports of this product for several months now.

On the other hand, Colombia announced that it intends to adhere strictly to a ruling by the Andean Court of Justice, which backed its attempt to impose restrictions on imports of aluminum pipes from Ecuador. The decision was challenged by the government of the neighboring republic.

At the end of a regular meeting of the Council, other announcements were also made, including the country's total export figures for the January-September period of this year, and the position Colombia is taking at the meetings to prepare for a new round of negotiations under the General Agreement on Trade and Tariffs (GATT).

Deregulation

In explaining the Council's measures, Colombian Foreign Trade Institute (INCOMEX) Director Nohora Rey de Marulanda stated that the requirement of an "OK" has been eliminated for exporting 349 categories on the customs tariff list, and another 77 categories have been taken off the "export suspension list."

In the case of the approval required for a given product to be sold abroad, only 175 tariff categories are still subject to this prerequisite. They include products such as rice, sugar, short-staple cotton, wheat and wheat flour, soybean and cottonseed, edible oils and fats, cotton and soybean cake,



compound fertilizers, gold, platinum, silver, human blood plasma, emeralds, ammunition, powder, and several types of flora and fauna.

In each case, the ministry or entity that has jurisdiction over the product must give the go-ahead for INCOMEX to authorize exports. This procedure, which has been criticized by exporters, has been eliminated for more than 500 tariff categories so far in 1985. This means that obstacles are being cleared away for exporters, stated the official.

On the import front, the Council took 175 tariff categories from the import license list and deregulated imports of them. These categories include primarily intermediate goods, raw materials and inputs for the agriculture, chemicals, and metalworking sectors.

Another 30 categories were removed from the prohibited list and placed on the import license list. They include mainly pastas, compotes and purees.

The INCOMEX director contended that the Council's criterion in these cases is to facilitate the importation of goods that are not produced nationally and were taken into account in recent studies by the National Association of Industrialists (ANDI) and the Federation for Development (FEDESARROLLO).

#### Cacao Crisis

The Council did not discuss the crisis alleged by the chocolate industry due to the shortage of its principal raw material, cacao.

In that regard, the INCOMEX director declared that there is no justification whatsoever for industry officials to claim they cannot import cacao, because it is on the list of goods that can be brought into the country freely. The same is true of exports of that product.

She pointed out that in the first 10 months of this year, 2,737 tons of cacao were imported, according to INCOMEX records. Cacao powder exports dropped by 65.4 percent during the same period.

When asked why the Council did not terminate cacao exports in order to deal with the shortage alleged by industry officials, she said: "I cannot answer that question."

Agriculture Minister Roberto Mejia Caicedo and Development Minister Gustavo Castro Guerrero also declined to comment on the matter.

#### Andean Suit

The INCOMEX director, who is also Colombia's plenipotentiary representative on the Cartagena Agreement Commission, explained that a recent decision by the Andean Court of Justice on the exportation of aluminum pipes from Ecuador to our country was a favorable ruling, and the government intends to adhere to it.

According to that decision, this product cannot enter Colombia under the benefits of preferential treatment to Andean nations, but rather is subject to the regulations applied to third countries, that is, non-members of the subregional organization. Colombia filed the suit more than a year ago, and the Court handed down its ruling recently. Ecuador announced that it will not abide by the decision, but Colombia claims it is a fact.

Mrs Rey de Marulanda, who represented Colombia at the meeting to make preparations for a possible new round of negotiations under GATT, presented a report on that meeting.

She indicated that next November it will be decided whether such negotiations will take place, and if so, what subject matter and format will be involved. Developing countries are calling for issues related to services, foreign investment, copyrights and patents, and tropical and agricultural products to be included on the agenda. They want these topics to be given top priority. The industrialized nations, on the other hand, feel that GATT should debate only trade matters.

The Council approved a reciprocal credit pact between Colombia and the People's Republic of China to facilitate bilateral trade.

So far this year, trade with that nation has amounted to just US \$244,000. Colombia has sold primarily sugar, cotton and cacao, and has bought mechanical and electrical machinery, engines and plastics from China.

#### Vallejo Plan

Finally, the Council heard a favorable report on the utilization of the Vallejo Plan, which facilitates imports of goods for industry to manufacture export products.

Between April and September, 155 programs valued at US \$47 million were approved. This type of imports was guaranteed with exports of US \$183 million. In each case, the figures were higher than those recorded in 1984.

The INCOMEX director stressed that a Vallejo Plan program is now approved within 10 working days, when it used to take 40. She announced the publication of a manual that explains the advantages of this plan, and indicated that officials are trying to place more emphasis on the agriculture sector so that production costs can be lowered.

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COLOMBIA

BRIEFS

**NATIONAL CENSUS BEGUN**--The population and housing census begins today throughout national territory. It will provide a picture of the real situation in the country. The last census in Colombia was in 1973; scientists recommend one every 10 years. That census showed 22,915,229 inhabitants in the country, a figure that has not been approved by Congress. It is estimated that the country has about 30 million inhabitants now. The census that begins today, Tuesday, and will be taken until 30 October will provide the exact figure. The information that the census will yield is basic for designing social development plans based on an objective knowledge of the current situation. The census will collect data on housing, education, employment, migration, fertility and some aspects of social welfare. It will establish the precise demand for those public services during the coming years. The 49,965 census-takers will be responsible for gathering the population and housing information in the urban and rural areas using two types of form: a basic one that 90 percent of the population will fill out and an expanded one for the remaining 10 percent. The basic form is a brief questionnaire that only takes about 5 minutes to fill out. It asks for housing information and information on the age and sex of the people. The expanded form that will be used at random at 1 out of every 10 housing units will gather data on the home and details about the people. The census-takers will need about 20 minutes to fill this form out. There is a special bilingual questionnaire for Indians who speak a language other than Spanish. There is also a form for collective housing: hotels, boarding houses, hospitals, asylums, etc. It will take approximately a month, between October and November of this year, to count the rural population. Those who live in the rural areas of the intendancies and commissaries will be counted between October 1985 and March 1986 depending on the rainy season or summer. The data will be collected and validated in the six regional headquarters of DANE [National Administrative Department of Statistics]. They will then be transferred to the central headquarters and processed in order to provide total figures and statistics by department, intendancy, commissary and municipality. [By Gloria Vallejo] [Excerpts] [Bogota EL TIEMPO in Spanish 15 Oct 85 pp 1-A, 5-B] 7717

**FERTILIZER COMPANY SEEKS AID**--Barrancabermeja, 11 Oct--The local development committee today asked the government and the partners of FERTICOL [Colombian Fertilizers] to try to find refinancing for the enterprise "before the current crisis takes on unmanageable proportions." This enterprise is the only urea producer in the country but, due to economic problems, its plants barely work at 30 percent of their capacity. Last year, FERTICOL had losses of about 210 million. [Text] [Bogota EL TIEMPO in Spanish 13 Oct 85 p 7-A] 7717

**GALAN DEMANDS BETANCUR EXPLANATION**--Luis Carlos Galan, the presidential candidate of the New Liberalism Party, considers that it is "essential" for the government to make clear to public opinion what efforts were made to find a humanitarian alternative to the storming of the Palace of Justice, how seriously such efforts were pursued, when they were undertaken, and why they were not successful in the light of the developing situation. The political leader admitted that in handling this dilemma the state could not negotiate or declare that it was impotent. However, he indicated that the state should have done everything possible to save the lives of the hostages, even though it could not guarantee their safety. Galan stated: "It is clear that the state satisfied the first requirement. However, it did not meet the second requirement." He recalled that there are limits imposed by the constitution and the laws which the state must never transgress. He warned that "the action taken blindly by the state is part of the political strategy of those who know that this is one way to ensure the collapse of national institutions." He denounced shortcomings in the government's preventive policies for dealing with terrorism and he supported the petition of the surviving justices of the Supreme Court for a complete investigation to be conducted regarding what occurred. He noted: "The unanimous repudiation by society of the barbarous and treacherous actions by the M-19 group does not mean that any action taken to crush it is justified." [Excerpt] [Bogota EL TIEMPO in Spanish 12 Nov 85 p 8-A] 5170

**1988 MAYORAL ELECTIONS APPROVED**--The popular election of mayors will be approved in the second vote in the current legislature, but the constitutional amendment will only go into effect beginning with the "mid-term" elections in 1988. This was the agreement reached yesterday between the political parties and the government to save the legislative act. After a meeting with the spokesmen of the different parliamentary groups in the office of the minister of government, Jaime Castro, it was decided that the agreement will be submitted for approval by: President Belisario Betancur; Virgilio Barco Vargas, the director and candidate of liberalism; Misael Pastrana Borrero, the head of conservatism; and the director of new liberalism, Luis Carlos Galan Sarmiento. Although those attending the meeting promised not to reveal the terms of the political agreement, it was learned that the popular election of mayors will go into effect beginning with the "mid-term" elections in 1988. Congress will pass a law on the system for proving incompetence of these officials. [By Jesus Medina S.] [Excerpt] [Bogota EL TIEMPO in Spanish 23 Oct 85 p 1-A] 7717

**CANDIDATES' STATEMENTS DURING SIEGE**--The principal political leaders, including the presidential candidates, expressed their solidarity with the government on 7 November, at a time when subversive elements continued to hold a number of hostages, including several justices of the Supreme Court and members of the Council of State. The candidates issued the following statements: (Virgilio Barco Vargas, the Liberal Party candidate): "At this critical time for the nation, Colombia more than ever needs the support of all of its citizens of good will to succeed in the defense of our threatened democracy. I appeal fervently to all of my compatriots to offer their support to the



president of the republic and the armed forces." (Alvaro Gomez Hurtado, prospective candidate of the Conservative Party): "I fully support President Belisario Betancur. I have been in continuing contact with him and I think that he has all of the facilities necessary for handling this situation." (Senator Luis Carlos Galan): "Although I do not have all of the information necessary to know what has happened in the last few hours, I ask the guerrilla groups to cease firing and the security forces not to return fire in order to save the life of the judges, the hostages, the members of the armed forces, and the guerrillas themselves. The decisions made by the government to defend our national institutions--as is its duty--have the support of the nation. However, that does not prevent the government from attempting to enter into a humanitarian dialogue to avoid a total tragedy from taking place. At this stage of the events and after almost 24 hours of intense fighting, only an act of human solidarity, such as this kind of dialogue would be, could save the lives of many people." J Emilio Valderrama, prospective candidate of the Conservative Party, regretted what had happened with the seizure of the Palace of Justice by the guerrillas. He warned that the facts do not justify any supposed weakness on the part of the government in the handling of law and order. He declared that the actions now taking place seriously call on all of the Colombian people and all other elements not to speculate irresponsibly with law and order. He said that in safeguarding democracy, freedom, and national institutions his movement supports and expresses solidarity with the decisions which President Belisario Betancur has taken and may have to take, together with the armed forces, to find the best solution for the conflict. He stated: "Peace must be sought on very specific foundations, and President Betancur was not mistaken when he exchanged repression for a dialogue." [Text] [Bogota EL TIEMPO in Spanish 8 Nov 85 p 2-B] 5170

CSO: 3348/193



CUBA

AQUEDUCT FOR HAVANA UNDER CONSTRUCTION

Havana GRANMA WEEKLY REVIEW in English 17 Nov 85

[Text] To better meet Havana's water supply requirements, Cuba's largest aqueduct construction project ever is being built with Bulgarian technical assistance at an approximate cost of 45 million pesos.

Maximo Andion, member of the Executive Committee of the Provincial Assembly of City of Havana People's Power, announced that the work schedule calls for starting up the first stage by the first half of 1988.

El Gato aqueduct, located in the basin of the same near Guines, Havana province, will supply 100 million cubic meters during the first stage, plus another 50 million later on. This is roughly 35 percent of the water the Cuban capital is now getting. What El Gato supplies will cover current development requirements for the next 15 to 20 years.

The municipalities that will benefit most from this project are Cotorro, Habana del Este, San Miguel del Padron, Guanabacoa and Regla, all east of the capital. But all other municipalities will also benefit thanks to the network of new piping under construction for the past few years which will link up to El Gato aqueduct.

The new system will consist of a main pipeline 27 kilometers long; a propelling pipeline 6.2 kilometers long; pipelines eight kilometers long connecting up to wells; 17 80-meter deep wells within a radius of four kilometers, each capable of supplying 250 liters per second; and two main 30,000-cubic-meter storage tanks.

The blueprints began to be drawn up in 1976, and by late 1984 the iron and steel operations began. In 1985 the iron and steel and machine industry began to produce the metal sheeting, the San Jose prefab factory finished the pipes encased in concrete, and digging and laying out operations began as well as welding. At present the first well is being drilled, nearly two kilometers of the main pipeline have been laid and earth moving operations are going on for the construction of a 5000-cubic-meter pressure-control tank.

The first two pipes were installed in June; the work has been given a new thrust as of September and nearly two kilometers of pipelines are now in place.

The goal is to have four kilometers of the main pipeline laid out, plus another three kilometers of interconnecting pipelines finished by the end of the year.

The El Gato basin was selected for this project after it was determined through hydraulic studies that it had sufficient water to supply the capital. Some water is used for agricultural purposes and also to supply the town of Guines. El Gato's potential underground water availability is estimated at 34 million cubic meters. Water that filters into the subsoil each year renews the supply. The studies made indicated that El Gato could supply the capital with 150 million cubic meters.

According to Alfredo Alvarez, provincial director of Aqueduct, Sewage and Drainage Systems of People's Power in City of Havana, the area has a lot of water. "The wells are located in the nearby town of Madruga and the plan is to dig 17 wells, four of them as reserve. Digging a well takes about two months. We already have the first, finished some years ago; one is being dug now; and 13 more are planned for 1985. They will stretch for four kilometers, 250 meters from each other."

It should be mentioned here that the prolonged droughts over the past decade made the capital's water supply more and more of a problem. By 1975 it was feared that the available water resources were not enough to cope with the capital's sustained socioeconomic development.

Another factor that made things worse was the terrible state of disrepair of the existing network--parts of it were built early this century--and this accounted for considerable losses and waste. Also to be borne in mind is the fact that the Havana aqueduct was built in 1878 to meet the needs of a population under 500,000.

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CSO: 3200/6

ECUADOR

DROUGHT, FROSTS WREAK HAVOC IN AGRICULTURAL SECTOR

PA272246 Hamburg DPA in Spanish 2224 GMT 26 Nov 85

[Text] Quito, 26 Nov (DPA)--The organizations of Ecuadoran farmers and cattlement have asked the government in Quito to establish an emergency plan in view of the seriousness of the drought that has been affecting the country and has caused an "agricultural disaster" in the highlands and most of the coastal areas.

Losses, particularly those of the farming sector, are "huge and growing every day" and they have been compounded during the last few weeks by the losses from frosts, which are destroying crops throughout the Andean region.

The draught-related problems have also grown worse during the last few weeks in the cities, where the water shortage has made it necessary to adopt emergency measures to meet the needs of the population.

The situation is particularly serious in Quito, which is located 2,800 meters above sea level, making it difficult to supply it with water. To ease the situation, the government announced today that it is making a special, initial appropriation of 100 million sucres (approximately \$1 million) to build urgent works in order to supply drinking water to the capital, which has 1.2 million inhabitants.

Meanwhile, the farming sector has been affected by 12 frosts this month. This phenomenon is common in the mountain areas, where it ruins crops by covering them with a blanket of ice at night.

According to weather reports, there is little chance of rain falling in the Andean region, where temperatures are expected to continue dropping below zero at night.

Upon demanding the implementation of an emergency plan by the government, the associations of farmers and cattlement said that "crops are virtually ruined" throughout the Andean region and predicted "a substantial drop in the production of several types of foodstuffs."

They also predicted a rise in the inflation rate, which is currently 28 percent per year and rising.

The government has expressed concern over the persistence of the draught and announced that it is considering "more adequate measures" to ease the situation, which has developed 3 years after devastating floods caused losses amounting to millions of dollars along the Ecuadoran coastline.

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CSO: 3348/251

ECUADOR

# PRESIDENT WITNESSES REFINERY CONTRACT SIGNING

PA261645 Quito Voz de los Andes in Spanish 1130 GMT 26 Nov 85

[Excerpts] The contract for the construction of the Amazon refinery was signed on Monday. This project will increase the country's installed refining capacity by 10,000 barrels a day. Ecuadoran President Leon Febres Cordero acted as a witness in the ceremony for the signing of the construction contract with the consortium made up of Nisho Iwai Kobe Steel Ltd. and Fish Engineering and Construction Inc.

[Begin Febres Cordero recording] This contract, like all those signed by this government, leaves absolutely no doubt about what a government can do when it is determined to seriously and efficiently face the solution of problems that had been postponed in the past due to the lack of determination and integrity or because the demagoguery reached such levels that it [word indistinct] or postponed everything.

We have demanded respect for our laws and our sovereignty and in the negotiations we demanded conditions that will benefit Ecuador's high interests. This was the policy to such an extent that this contract obliges the contractor to purchase \$1.5 million worth of Ecuadoran products and clearly establishes that 42 percent of the total amount of the contract will have national participation. In addition, the consortium voluntarily agreed to contribute [words indistinct] to the attorney general's office for the struggle against drugs.

I tell the builders, architects, engineers, and contractors that they will have guarantees from a serious and responsible government. At the same time, they will have to answer to a government that does not lend itself to schemes with nationals or foreigners to violate the law. [end recording]

That was President Leon Febres Cordero, who acted as a witness in the ceremony for the signing of the contract for the construction of the Amazon refinery. It will be located next to the Shushufindi gas plant and will have a capacity to process 10,000 barrels a day of crude oil for the production of liquefied petroleum gas, gasoline, kerosene, jet fuel, and diesel.

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CSO: 3348/251



ECUADOR

BRIEFS

POLICY FOR UPCOMING OPEC MEETING--Ecuadoran Energy Minister Javier Espinosa Velez has said that Ecuador will not request an increase in its oil production quota during OPEC's upcoming meeting in Geneva. The meeting, which will take place during the first days of December, will deal with administrative matters, Espinosa said, reaffirming Ecuador's position with respect to an increase in its OPEC-authorized production quota of 183,000 barrels per day. We believe it is untimely to bring up this problem at this time because the Geneva meeting is an ordinary meeting at which other topics will be examined, he pointed out. Ecuador requested and was denied a 100,000-barrel per day production quota increase during OPEC's last meeting in Vienna. Its delegates abandoned the meeting in reaction to that denial. Minister Espinosa Velez also indicated that an increase in Ecuador's production quota would not have a negative effect on the international oil market or on the OPEC. [Text] [Quito Voz de los Andes in Spanish 2330 GMT 28 Nov 85 PA]/12766

CSO: 3348/251

NICARAGUA

BRIEFS

GDR, UNIVERSITY RENEW TECHNICAL AGREEMENT--The technical and professional agreement between the National Autonomous University of Nicaragua [UNAN] and the GDR was renewed during a ceremony held in the auditorium of UNAN. Through this agreement, UNAN will receive equipment and trained personnel to carry out academic plans. Manfred Klendztssch, GDR deputy education and training minister, signed for the GDR and said that three schools will benefit from this agreement. He added that the school of medical science and the school of economic sciences are two of the schools that will benefit from the agreement. The GDR representative described the aid as an expression of solidarity with the Nicaraguan people. UNAN Rector Humberto Lopez Rodriguez said that the ceremony, during which the agreement was signed, was a small tribute to the combatants who are in the Nicaraguan mountains fighting for peace and sovereignty in our country. Following the ceremony, the representatives of the signatory countries shook hands and the audience applauded the benefits they will receive shortly through this agreement. [Text] [Managua EL NUEVO DIARIO in Spanish 1 Dec 85 p 4 PA]/12766

PLI BEGINS INTERNAL ELECTION PERIOD--During its latest session held on Sunday, 24 November, the national Board of Directors of the Independent Liberal Party [PLI] decided to initiate its internal election period on 10 December. This information was provided by PLI Secretary Dr Filipos Somarriba Jarquin. In other words, this democratic political organization is getting ready to choose new members of departmental boards of directors. He added that these activities will be held between 10 December 1985 and 21 February 1986, a 3-month period. The PLI will reactivate this activity, which expresses the party's democracy, throughout the country. According to the PLI statutes, the national and departmental authorities must be changed every 2 years. This includes the departmental assemblies and the national assembly, the latter being the party's highest authority. [Text] [Managua LA PRENSA in Spanish 28 Nov 85 pp 1, 10 PA]/12766

ECONOMIC AGREEMENT WITH DENMARK--On 29 November, at the Foreign Cooperation Ministry, the first economic agreement was signed with Denmark for a loan of 75 million kroner (approximately \$7.5 million), which will be used for carrying out important projects. Repayment is to be over 25 years, with a 7-year grace period, and with no interest. [Summary] [Managua EL NUEVO DIARIO in Spanish 2 Dec 85 pp 1, 8 PA]/12766

CSO: 3248/111

PARAGUAY

POLITICAL PARTIES, UNIONS DEMAND RUBIN'S RELEASE

PY042228 Asuncion ULTIMA HORA in Spanish 4 Dec 85 p 12

[Text] Humberto Rubin, the owner-director of Radio Nanduti, continues under arrest this morning in the Police Headquarters and no reason for his arrest has so far been given. This information was provided by Rubin's relatives and close friends.

Rubin was summoned to the Police Headquarters at 1100 on 3 December where he was told that he was under arrest. His relatives immediately tried to contact him but their efforts were in vain because police officials reported that he is being held incommunicado and cannot have visitors.

Rubin's lawyer, Felino Amarilla, said he plans to submit a writ of habeas corpus to the Supreme Court 24 hours after Rubin's arrest in compliance with the Constitution. This morning was already 24 hours after his arrest, therefore, the request will be submitted tomorrow morning.

Rubin's relatives said they sent some personal belongings and reading material to Rubin.

The Trade Union of Paraguayan Journalists (SPP) has released a document regarding Rubin's arrest saying "We express our solidarity with Humberto Rubin who for several years has been the object of harassment and censorship for using his radio station to report on corruption, injustice, and other issues of public interest, and for defending the people's right to information and freedom of expression."

The employees of Radio Nanduti also reported that European press, radio, and television journalists have sent telegrams to the Paraguayan government requesting Humberto Rubin's release.

The youth sector of the Febrerista Revolutionary Party also released an extensive communique signed by Diana Banuelos requesting Rubin's release. The Radical Liberal Party, the Liberal Party, the Movement for Radical Liberal Integration have also come out in support of Humberto Rubin requesting his release and the stop of the harassment imposed on the radio station owner.

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CSO: 3348/254

PARAGUAY

ARGENTINE DEPUTY MAY SEEK ASYLUM

PY272020 Madrid EFE in Spanish 0227 GMT 27 Nov 85

[Article by Francisco Figueroa]

[Text] Asuncion, 26 Nov (EFE)--Argentine Deputy Norberto Imbelloni, who could well lose his congressional seat and his immunity told EFE today that he plans to ask for asylum in Paraguay to escape what he believes to be a political plot against him by people who have been accusing him of murder.

If the threats continue, I will have to do something about it. It is possible that if the time comes I will ask General Alfredo Stroessner's government for asylum, Imbelloni told EFE in the course of an exclusive interview in Asuncion.

At the time of the interview only the Paraguay River was between Imbelloni and Argentina. He was sitting in the hall of one of Asuncion's best hotels located on the bank of the Paraguay River. He was wearing shorts and slippers and talking about his alleged past as Caballero Rojo, the masked wrestler, a case of mistaken identity which nonetheless gave him some excellent publicity, Imbelloni said with a smile.

To prove that Patricio Kelly did not tell the truth when he announced that there was a warrant out for his arrest Imbelloni crossed the border to Argentina through the Clorinda checkpoint and talked to the border police in front of the journalists.

I can go to my country whenever I want. I am still in Paraguay because I have been invited to attend the congress of Latin American Federation of Democratic Organizations (FEDAL), Imbelloni said.

Throughout the interview Imbelloni avoided mentioning Patricio Kelly by name, calling him the buffoon. He announced that he plans to travel to Buenos Aires on 28 November to clear up certain things.

Without losing his temper, Imbelloni--who failed to be reelected deputy for the conservative Peronist faction led by Herminio Iglesias in the legislative elections on 3 November--claimed to be the victim of political harassment and promised to unmask Kelly's sponsors.

Kelly has accused Imbelloni of having a hand in the murder of a man named Curvo, a bodyguard of one of the plastic workers leaders. The incident appears to have some connections to drug trafficking.

Imbelloni categorically denied these charges. I have nothing to do with the case, he told EFE. It happened 12 years ago, during Juan Domingo Peron's administration. Cuervo's widow could have sued him then but did not do it. Why do it now? I have never even been questioned in connection with this case, not even when I was under arrest at the disposal of the executive branch after the 1976 coup d'etat, Imbelloni added.

Strangely enough the court linked me to the case in the afternoon of the last day before the statute of limitations took effect, 12 years after it happened. Furthermore, the judge summoned me to testify on 12 December, 1 day after I am scheduled to lose my congressional immunity. Don't you think there is something strange here? Imbelloni asked.

He added that it is obvious that the courts and, more specifically Judge Fransuar (who is handling his case) seems to want to trample over the legislative branch. After all, I am still a deputy until 11 December.

He said: I believe there is political interest in all this and it is against Herminio Iglesias, and Lorenzo Miguel, and me.

Imbelloni noted that he suspects that Kelly is being supported by a sector of the Radical government, which he did not identify, and by others.

Regarding Kelly's charges, he said: I am not surprised, particularly when they come from a joker. He described Kelly as corrupt, and a coward who killed Peron and who also denounced Augusto Timoteo Vandor (former secretary of the United Workers Union) and Jose Ignacio Rucci (former secretary of the CGT [General Labor Confederation]) both of whom were killed shortly afterward.

Regarding Vandor's and Rucci's killing, Imbelloni confessed that he fears for his life because there always comes a time when one fears for his life, particularly when you have six children and two grandchildren and when you have been subjected to threats and attacks.

He added that constitutional guarantees are being threatened in my country because there is a judge who is acting against decisions of the honorable Chamber of Deputies.

He noted: If those of us who are members of the opposition are being persecuted, I believe that constitutional guarantees are seriously jeopardized in Argentina.

He insisted over and over again that his impeachment was never requested. "Therefore," he said, "I cannot be tried while I am still a legislator."

Imbelloni noted: "I want to be categorical. The charges against me are raised by a mercenary who has a criminal record, who is involved in the death of General Aramburu and who in my country is a well-known buffoon and mercenary."



Imbelloni said that he is convinced that Kelly is financed by the Israeli secret service despite the fact that he has proclaimed: Be patriotic, kill a Jew.

The Peronist deputy denied charges that he is involved in the traffic of arms and drugs. He also denied that he had any money invested in property in Paraguay (almost \$750,000 according to Kelly). Imbelloni added: I have worked to earn a living and I do not even have enough money to buy a pair of shoes.

He denied that he has any alleged ties with Stroessner to whom he said he is thankful for having welcomed Peron after his ouster in 1955.

Regarding Kelly's charges that he had swindled one of Stroessner's sons, Imbelloni said: "I do not want to mix General Stroessner in something like this made up by this buffoon who does not take into the account what might come of something like this, since Argentina has diplomatic relations with Paraguay. "

[Asuncion ULTIMA HORA in Spanish on 27 November carries on page 10 a 250-word report on an interview granted by Argentine Deputy Norberto Imbelloni to ULTIMA HORA at the Ita Enramada Hotel on 27 November. Imbelloni stated among other things: "I did not say at any point that I am going to ask for asylum in Paraguay, however, this is always an option."]

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CSO: 3348/250

PARAGUAY

SENATE APPROVES 1986 FISCAL BUDGET

PY302031 Asuncion EL DIARIO in Spanish 30 Nov 85 p 7

[Excerpt] After a recess, the Senate yesterday passed a 17-article bill on the general budget for fiscal year 1986.

Shortly before the 1986 budget was approved, congressmen from the two opposition blocs walked out of the session in dissatisfaction with Senate President Dr Juan Ramon Chaves, "who did not allow for a debate after the supporting information was given. Not even Colorado Senator Persio Da Silva was given an opportunity to clarify on some aspects," said Liberal Radical Senator Luis Maria Vega.

The approved bill estimates an income totaling 463,650,966,167 guaranies, out of which 142,257,717,539 guaranies will reportedly be allocated to the central administration and 321,393,248,628 guaranies to the autonomous agencies.

On the other hand, a 459,564,628,715-guarani expenditure has been foreseen, of which more than 141,947,000,000 guaranies are allocated to the central administration and more than 317,616,000,000 guaranies to the autonomous agencies. A 4,086,337,452-guarani surplus is expected.

Concerning the budget allocations for the central administration, the Legislative Branch will be allocated 497,238,000 guaranties; the Judicial Branch will be allocated more than 1.56 billion guaranies; miscellaneous state obligations will be allocated more than 41,548,000,000 guaranies; and the Executive Branch will be allocated more than 94,341,000,000 guaranies, broken down approximately as follows: National Defense Ministry--18,753,000,000 guaranies; Education and Worship Ministry--17,373,000,000 guaranies; Interior Ministry--13,560,000,000 guaranies; Agriculture and Livestock Ministry--5,258,000,000 guaranies; Public Health Ministry--5,019,000,000 guaranies; Public Works Ministry--3,215,000,000 guaranies; Finance Ministry--2,870,000,000 guaranies; Foreign Relations Ministry--1,680,000,000 guaranies; Justice and Labor Ministry--1,583,000,000 guaranies; Presidency of the Republic--506 million guaranies; Industry and Commerce Ministry--500 million guaranies; Council of State--23 million guaranies; and for the Ministry Without Portfolio, 14 million guaranies.

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CSO: 3348/250

PARAGUAY

BRIEFS

RADIO STATION OWNER ARRESTED--Asuncion, 3 Dec (AFP)--Humberto Rubin, owner-director of the Paraguayan radio station Radio Nanduti was arrested today after having been summoned by Police Chief Alcibiades Britez Borges. The reasons for the arrest have not yet been disclosed. Rubin, who has been arrested several times in the past, is well-known in Paraguay for engaging in aggressive journalism with the participation of the opposition. His radio station has been closed down three times already and government authorities have branded Rubin as a subversive. Rubin's arrest today came in the wake of a leaflet that appeared in downtown Asuncion bearing no title or signature. The leaflet contained statements to the Dutch TV station KRA both by Rubin himself and by Mario Melanio Medina, the embattled bishop of the town of Benjamin Aceval. According to the leaflet, Radio Nanduti's director talked about democracy in Paraguay, describing General Alfredo Stroessner's government as a monotonous dictatorship under which all true opponents are jailed and only the obsequious opposition is accepted. As for Bishop Medina, the leaflet claims that he said that Paraguay is being run by a mafia, gangs of drug traffickers and smugglers. The persons involved have not denied making these statements. [Text] [Paris AFP in Spanish 1649 GMT 3 Dec 85 PY]/12766

POLICE COMMUNIQUE ON ARRESTED JOURNALIST--The Asuncion police public relations office has reported that Humberto Rubin has been arrested. The police note says that through the Radio Nanduti programs, Rubin has launched an intense slanderous campaign aimed at discrediting the national government, its achievements, and the legitimate authorities in the eyes of the public, both at home and abroad. Through false and biased news that instigates hatred among Paraguayans, and through sensationalist reports and commentaries which are openly subversive, this campaign has sought to disrupt the atmosphere of peace, tranquillity, and order prevailing in our country. The police communique concludes by stating that the repeated attempts by Rubin to provoke social alarm and internal commotion, in alliance with well-known plotters and subversives, will always be met by a firm response from the authorities charged with preserving peace in the atmosphere of order, development, and guaranteed rights prevailing in our country. [Text] [Asuncion Radio Primero de Marzo in Spanish 2130 GMT 4 Dec 85 PY]/12766

RELEASE OF RADIO NANDUTI DIRECTOR--Humberto Rubin, director of Radio Nanduti, was released from prison last night after being arrested by the Central Police Department on 3 December on "superior orders." After meeting with Police Commissioner General Carlos Schreiber, Rubin left prison at 2100. Rubin said:

"I was told some unpleasant news, that if I continued with 'subversive way' of preaching I will be sent into exile." Schreiber also had told him he had but two options: either to change his journalistic approach or suffer the consequences. He also told Rubin that his radio programs are causing anguish among the people and that they have been used by "bad" fellow countrymen. Nonetheless, Schreiber recognized that Radio Nanduti is a good radio station with a large audience. When asked about the options given him and about what he considers unpleasant news, Rubin replied that he believes that he has "nothing to change," and added that "all the other radio stations are doing the same, and they did not explain to me what I must correct." Schreiber had told Rubin that his order of arrest was issued by a superior authority, which would lead one to think that the order did not exclusively come from the police. However, Rubin was given a reassuring message: He was told to keep working on his business. [Excerpt] [Asuncion HOY in Spanish 5 Dec 85 p 12 PY]/12766

SPANISH UNION LEADERS DELAYED--Asuncion, 4 Dec (AFP)--Reliable sources have told AFP that the Paraguayan police have seized the passport of a leader of the Spanish General Union of Workers (UGT), who arrived in Asuncion today along with the UGT president. Both of them are Spanish Socialist Workers' Party (PSOE) members. The person involved, Manuel Simon, who is in charge of UGT international relations, traveled to Asuncion along with Deputy Nicolas Redondo, the UGT secretary general, to hold meetings with members of the Paraguayan Inter-Union Workers Movement (MIT), a parallel organization to the pro-government Paraguayan Confederation of Workers (CPT). The police delayed both union leaders at the Asuncion international airport for several minutes, seized Simon's passport but failed to seize that of the UGT secretary general, possibly because of his position, the UGT leaders told the press. The UGT union leaders stated that the seals of the Managua and Havana customs--countries they visited a few months ago--drew the attention of the police. Concerning the reasons for their presence in Asuncion, the union leaders stated that they are touring Brazil, Uruguay, Argentina, Chile and Paraguay to learn about the situation of the workers in southern Latin America. [Text] [Paris AFP in Spanish 0354 GMT 5 Dec 85 PY]/12766

BANK PRESIDENT FACES INQUEST--Just a few minutes ago, Judge Mario Soto Estigarribia ordered that Central Bank President Cesar Romeo Acosta be included in a pre-trial inquest concerning illegal acquisition of foreign currency. In his decision, the judge states that the testimonies of defendants Eladio Cardenas, Virgilio Navarro, Oscar Arana, Cesar Chamorro, and Jorge Molas have provided clear indications and proof of Romeo Acosta's involvement in the case. The judge has set a hearing for 5 December for Romeo Acosta to appear in court for a questioning. [Text] [Asuncion Cerro Cora Sistema Nacional Television in Spanish 1500 GMT 29 Nov 85 PY]/12766

RADIO NANDUTI DIRECTOR RELEASED--Radio Nanduti Director Humberto Rubin, who was summoned to the Police Central Headquarters and then detained on 2 December, was set free at 2100 tonight. According to the report, he will be able to continue performing his journalistic duties at the radio station he manages. [Text] [Asuncion Cerro Cora Sistema Nacional Television in Spanish 0035 GMT 5 Dec 85 PY]/12766

VENEZUELA

# LUSINCHI, FEBRES CORDERO DECLARATION

PA291914 Caracas EL NACIONAL in Spanish 19 Nov 85 p D-1

["Joint Declaration" issued by President Jaime Lusinchi and Ecuadoran President Leon Febres Cordero on 18 November on the occasion of the latter's visit to Venezuela]

[Text] Between 15 and 18 November 1985, Ecuadoran President Leon Febres Cordero, accompanied by his delegation, paid an official visit to Venezuela honoring a friendly invitation from its president, Jaime Lusinchi.

During his stay in Venezuela, President Febres Cordero, recalling the historical and fraternal ties that unite the Venezuelan and Ecuadoran peoples, had the opportunity to visit Puerto Ordaz and Merida where he was received with affection and sympathy.

President Febres Cordero, accompanied by his delegation, placed a wreath on the National Monument to pay homage to the memory of Simon Bolivar, the Liberator, and Field Marshal Antonio Jose de Sucre.

In addition, at an event to bring Bolivarian friendly ties closer, Febres Cordero decorated Venezuelan President Jaime Lusinchi with the Grand Cross of the National Order of Merit and the Grand Cross of the San Lorenzo National Order. In turn, Ecuadoran President Febres Cordero received the Collar of the Andres Bello Order.

The two leaders reviewed the world's main problems, particularly those of Latin America. They also reviewed the most relevant matters of their bilateral relations, especially in the political, economic, social, and cultural spheres. Inspired by the noble ideal of the Liberator, Simon Bolivar, they reiterated their determination to increase the relations between the two nations, taking into consideration the traditional ties of friendship existing between Venezuela and Ecuador, and for this reason, they decided to sign the following declaration:

Upon the commemoration of the 40th anniversary of the United Nations, the two leaders reiterated their adhesion to the purpose and basic principles that serves as the basis for the United Nations and stressed their willingness to continue fighting for the strengthening of this irreplaceable world organization.



Expressing their concern over the constant threats to peace and international security, prompted by existing tensions in various parts of the world, the chiefs of state issued an urgent call for the promotion of detente, which permits a dialogue on the gradual reduction of nuclear and conventional weapons, in an effort to achieve a general and complete disarmament under an efficient international control that permits the use of additional resources for the benefit of the peoples' economic and social development, particularly that of developing countries.

In this regard, they exhorted the two superpowers, which will meet in Geneva soon, to reach agreements that may permit a substantial reduction and future elimination of nuclear weapons, to show their true willingness to advance on the path to peace.

Reiterating their support for the postulates and principles that back the OAS, the two leaders noted that an adequate process to reorganize all the basic instruments of the inter-American system will make it easier to reach the goals that gave origin to its creation. They reaffirmed their trust in the system and its institutions.

Expressing satisfaction with the strengthening of the democratic system in the continent, they praised the recent elections in Guatemala, describing them as an important step toward a return to a constitutional regime in that Central American country.

Convinced of the need to strictly respect human rights and the basic liberties, a basic groundwork for democracy, they expressed their determination to continue fighting in international organizations for the defense of the inalienable human rights so that they are respected universally.

Concerned over the situation in Central America and aware of the need to promote the full existence of democracy and a duly organized development, they stressed their support for the efforts of the Contadora Group and voiced recognition for the expressions of world and regional solidarity. Consequently, they urged all the parties involved to sign the Contadora Document for Peace and Cooperation in Central America, as a tangible proof of their desire for peace.

Convinced of the need to make effective the postulates of the Quito Declaration Against Drug Trafficking, they noted their profound concern over the spiraling increase in drug trafficking and the use of drugs, narcotics, and psychotropic drugs [psicotropicos], a scourge that threatens the stability of institutions, arms human dignity, and endangers the life and physical and mental integrity of people, particularly the young. Regarding this, they reiterated their promise to fight drug trafficking in all areas.

Worried about the reappearance of terrorism in various parts of the world, without our region escaping this phenomenon, the two presidents categorically rejected such activities, which sow panic and threaten our society, jeopardizing the political stability of the states.

They maintained that outer space, considered a limited natural resource, and the geostationary orbit, common patrimony of humankind, should be used exclusively for peaceful purposes and for the benefit of all states, respecting the rights of the equatorial states.

Persuaded of the importance of the commemoration of the 500th anniversary of the discovery of America, the two presidents agreed to coordinate efforts to increase the actions already started to this end. With the objective of increasing cultural relations between the two countries, they expressed their will to establish an exchange program for the next 3 years in keeping with a cultural agreement still in force.

They voiced satisfaction for the prompt signing of an agreement between the National Council for Science and Technology (CONACYT) of the Republic of Ecuador, and the National Council for Scientific and Technological Research (CONICIT) of the Republic of Venezuela. They agreed in that it will constitute the appropriate instrument to further increase the development of scientific and technological cooperation between Venezuela and Ecuador.

As an example of the excellent relations existing between Venezuela and Ecuador, they exchanged the respective notes to eliminate visa requirements in diplomatic, official, special, and service passports of the two countries.

The presidents expressed profound satisfaction for the signing of an agreement for commercial exchange by the minister of industries, commerce, and integration of Ecuador and the minister of development of Venezuela; this instrument is the first phase of a process leading to the consolidation of bilateral trade that will bring about a reactivation in the short-run.

In addition, they voiced the support of their governments for Ecuadorian-Venezuelan business meetings to promote projects requiring capital from both countries.

In light of the tragedy experienced by the sister Republic of Colombia, in the wake of recent volcanic activity, which left a large number of victims and significant structural damage, they expressed profound sorrow and solidarity for the Colombian people and government in this trying moment.

At the end of the visit, the two heads of state reaffirmed the fraternal friendship that has united the two countries since independence, which is based on the ideals that inspired that movement. For this part, Engineer Leon Febres Cordero, president of the Republic of Ecuador, expressed satisfaction with the positive results of his meetings that will contribute to strengthening the friendly relations between the two countries.

The president of the Republic of Ecuador, in the face of the cordial welcome and numerous displays of appreciation and consideration, to his person reiterated his most profound satisfaction and appreciation for Venezuelan President Dr Jaime Lusinchi, his government, and the Venezuelan authorities and people. He invited the Venezuelan head of state to make an official visit to Ecuador; this invitation was accepted with special satisfaction.

Caracas, 13 November 1985

Jaime Lusinchi, president of the Republic of Venezuela

Leon Febres Cordero, president of the Republic of Ecuador

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VENEZUELA

LUSINCHI ASSERTS WILL TO PAY COUNTRY'S DEBTS

PA292233 Caracas EL NACIONAL in Spanish 18 Nov 85 p 2-1

[Speech given by Venezuelan President Jaime Lusinchi at Hotel del Lago in Maracaibo on 18 November]

[Excerpt] Venezuela's payment of more than 100 million bolivares to creditors of the state is of special significance. It reveals the government's seriousness, the government's absolute determination to fulfill its commitments. I am prepared to uphold this administrative criteria in order for the Venezuelan state to become accustomed to paying what it owes. My government will not be like those governments that shirk their responsibilities and leave accrued debts for their successors to pay. I will fulfill my commitment.

This is what all of the states will do, and what the nation will do and has been doing with regard to its international creditors. This situation must be resolved.

A country cannot develop with a debt of such magnitude. A peculiar and dangerous proposal not to pay debts been put forth somewhere [por alli]. I would like to know if those who are personally preaching this will be able to maintain this attitude. I am not going to discuss this proposal here but I am absolutely convinced that from a personal, collective, regional, and national standpoint the country, the state, must fulfill its commitments in order for the economic activities to develop normally, for the people to recover their confidence in the government, and for it to have the necessary credibility to contract, if necessary, and in an orderly manner, new debts for national development. In a nutshell, the state must command respect and not be an entelechy [entelquia] on the verge of dissolution.

Regarding the payment of debts, I personally have an experience that stems from my home. One learns the best lessons at home. I remember how mother, who is a very orderly, relaxed, and balanced person, came very nervous when the time approached to pay some obligation. I developed the disease. However, it is a good thing I have a team that holds the same views and I think that this will be very good for the country.

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VENEZUELA

# DELPINO ON NEED FOR CHANGES IN ECONOMIC CABINET

Caracas ZETA in Spanish 26 Sep-7 Oct 85 p 20

[Text] Despite the fact that insistence on changes in President Lusinchi's cabinet has ended, Juan Jose Delpino, in strict fulfillment of his double position as AD [Democratic Action] member and class leader, once more repeats his request for a change, particularly in the economic cabinet.

The president of the CTV [Confederation of Venezuelan Workers], Juan Jose Delpino, is putting into practice the difficult definition that Manuel Penalver once gave of the "double membership" of a real trade unionist: party membership and class membership.

Within this concept, Delpino has shown great solidarity with President Lusinchi but, at the same time, makes the demands that his position as a trade unionist requires of him.

When everyone became silent until there was a better time to demand a change in Lusinchi's cabinet, Delpino asks for exactly that, particularly a change in the economic cabinet.

"After 18 months, we still do not see a consistently bold economic policy. We regret this because President Lusinchi is one of us. He was our candidate. We fought for him with all our might within our organization and out in the streets. If we do not succeed in forming the government that we Venezuelans--particularly the workers--hope for, it would be a terrible disappointment for us."

Delpino criticizes the fact that the representative democracy has not yet achieved social democracy and insists that there is "a negative balance." About 20 percent of the population enjoys 80 percent of the GNP while 80 percent of the people has to fight for the distribution of the crumbs of the 20 percent.

Juan Jose Delpino was asked if he thinks Lusinchi's promise to remove the inefficient ministers 120 days after his speech at the CTV Congress is going to be carried out. Delpino said that the threat "has not produced results."



Delpino said: "In order to fulfill it, the president has no other choice than to begin to apply sanctions for noncompliance and demonstrations of inefficiency against those who have not put the government plans into practice. Some of the ministers are not up to the current crisis in the country and the president, a man who has confidence in the majority of them, has not made the decision to replace them."

The president of the CTV discarded the idea that his opinions were part of what has been called the "labor project," arguing that this thesis is an "invention of our enemies." One example was the possibility that a union leader--whether Delpino or someone like Manuel Penalver--would become the next presidential candidate. Delpino discards both "candidacies" although he emphasizes that Penalver has the backing of the CTV to be secretary general of the AD again.

He insists on his main argument as AD member and union member.

"To us, it would be tragic for our history if a man like President Lusinchi failed in his government. When I say fail, I mean if he does not have the chance to form an extraordinary government. It would even be a shame if there is a failure forming a more or less good government because he does not deserve to fail. Therefore, some of us--including Antonio Rios, national union secretary of the party--have asked him on two or three occasions to study a reorganization of his cabinet, especially his economic cabinet."

Delpino was asked why he does not insist more on the change since his voice is one that is heard.

"We continue thinking that the team must be changed but each time we say it, it seems that they dig in more. Therefore, we prefer to say with great modesty: If only the president would fulfill his promise."

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VENEZUELA

REFUGEES FROM GUYANA, ESSEQUIBO FLEE TO VENEZUELAN TERRITORY

Caracas BOHEMIA in Spanish 30 Sep-5 Oct 85 pp 42-44

[Article by Isidro Casanova, special correspondent: "Essequibo Route"]

[Text] Essequibo Territory

Guyanese, Essequibos and Amerindians eagerly ask for refuge in the Venamo and Cuyuni Rivers area of Bolivar State, Venezuela, due to the hunger and political repression that have deepened in the Cooperative Republic of Guyana after the death of Prime Minister Forbes Burnham. This gave way to a more radical group represented by acting prime minister Desmond Hoytte.

In canoes, rafts, launches, small planes and on foot, hundreds of people from that country come to live on the left banks of the Venamo and Cuyuni Rivers whose basins form the boundary between Bolivar State and the Essequibo Territory, a strip of 204,000 square kilometers that the two countries dispute.

The desertion of the Guyanese people is continual since subsistence there is precarious and there are no prospects for short-term improvement since the government of that country, much more radical than Burnham's, has closed the door to most imports. This has accentuated the shortages. Also the shortage of money has affected the few industries, many of which are closing or are semiparalyzed because they do not have the money to pay their personnel.

This reporter managed to penetrate the Essequibo Territory and make contact with the few people who still live there. We also made contact with soldiers assigned to the border posts where poverty and neglect are obvious. The people are very happy when a Venezuelan visits because he brings them something. The political, economic and social evils of that country are revealed in the expressions on the faces of the few people who live there. Many show premature aging and look sloppy, tired and without any future except moving to Venezuela.

Anacoco and Essequibo

This reporter went through the Anacoco zone on the border where there are Venezuelan Army and National Guard posts. This place on the Cuyuni River is

reached by an asphalt road. Anacoco which is an island in the Cuyuni River is 90 kilometers from Tumeremo.

This reporter was accompanied by directors of the Essequibo Rescue Committee which proposes to give incentives for people to settle all along the Essequibo border on both banks of the Venamo and Cuyuni Rivers. They form part of the dividing line between the two countries based on the famous Port-of-Spain protocol signed by order of President Caldera. Thanks to this, Guyana was able to station its troops in a line on the right bank of the two rivers where the territory claimed by that country ends. The directors of the committee who went on this new penetrating journey were Marin Arbelaez, Noel Morales and Antonio Guache.

People were leaving Anacoco and San Martin de Turumbang in canoes and launches to follow the two directions of the Venamo and Cuyuni Rivers. Single men and families are beginning to settle on their western shores.

Deserting Guyanese, Essequibos, Indians and Venezuelans live in these places.

The rescue committee that directs the placement of people who want to settle in the area decided that foreign settlement will not be permitted there. Therefore, they carry an identification register of those interested in moving to the Essequibo area.

#### New Towns

The first was San Juan de Pereira which was founded on the left bank of the Venamo River, on the upper part in the direction of its headwaters near the Gran Sabana.

This town, founded some 3 months ago, has a population of more than 3,000 inhabitants today.

They went down river, an 8-hour trip in launch or canoe from Anacoco to Akarabisi. If the river is low, it takes 10 hours. If it is full, the trip is made in 4 or 5 hours. There are Venezuelan Army posts all along the far side of the river and, on the opposite side, Guyanese Army posts.

#### Hunger Besets Them

The Essequibo Rescue Committee is highly esteemed in Essequibo by the border people and the natives, the Guyanese, Essequibos and Amerindians in the area.

The reason for this is that we always bring them some food or, at least, people to talk to. There is nothing in Essequibo Territory, only jungle and wild animals.

It is impressive to see the Guyanese soldiers jump to river bank when they hear the motor of a boat, canoe or launch. These are the only vehicles that travel there and all are piloted by Venezuelans.

From the river bank, the Guyanese clap their hands in greeting. Some make signals, calling. When you approach, you are welcomed. They ask for cigarettes, matches and food, especially in cans which they don't have in their country. They also ask for liquor.

In the few places on the route where people live, there is a language problem.

The Guyanese and people who live in Essequibo speak English. The Indians speak their dialects or English. This is a problem for the Venezuelans who work with the population.

The inhabitants of San Juan de Pereira are Guyanese, Essequibos, Amerindians and Venezuelans.

Their activity is agriculture and gold mining but communication with these people is more complicated because the only connection is by air. They use helicopters but the fares are prohibitive.

On this trip, Antonio Guache, Marin Arbelaez and Noel Morales asked this reporter to tour the sites where three new towns will be located.

We visited the site where the town of La Concordia will be constructed. It is located on the left bank of Venamo River a little above the mouth of the Cuyuni River near Anacoco.

This is a flat area where, during Gomez' and Castro's times, there were coffee and cacao plantations and cattle farms.

After returning to Cuyuni River, we got in a canoe to go to the last Venezuelan military post, Akarabisi, which lies in the direction of the Essequibo River and the Atlantic Ocean.

Earlier, the mission had stopped at La Libertad, a totally uninhabited area where a town is beginning to develop with Venezuelans and natives from the other side of the Essequibo River.

The first supply camp is already in place. They plan to develop possibly the largest town in the area, Libertad, near the Botanamo River precisely where it flows into the Cuyuni. It is an excellent location with a beautiful view of the river, an imposing hill in front and level ground good for crossing.

We continued to Macapa which is being settled voluntarily and totally by Guyanese from places in central Guyana like Georgetown and the most important city after the capital, Demerara.

The Guyanese and Essequibos this reporter talked to presented a sad reality.

Now, with the change of government in Guyana, things are worse. The situation has worsened since Forbes Burnham's death. The new president, Desmond Hoytte, is making the situation even more complicated.

The deserting Guyanese we talked to asked us not to identify them by name although they are under Venezuelan protection since they live on the border. They could be victims of repression by officials in Essequibo.

According to them, the situation has worsened because of the current president's radical way of handling things.

The regime has decided to expand communism and socialism. Therefore, it has closed the door to imports and has established radical fiscal measures like imposing high taxes on every form of activity.

The entire marketing system is reserved to the state.

The people who work in the gold mines in Essequibo have to pay an initial fee of 10,000 Guyanese dollars. (In Essequibo, 1 Guyanese dollar equals 1 bolivar.) They must give the government 30 percent of the production. Also for each drum of fuel transported to Essequibo for the gold mines, they must deliver 1 ounce of gold. On the day this went to press, gold was quoted at \$334. At an exchange rate of 14 bolivars, this equals 4,676 bolivars.

This operation is unprofitable because transporting a drum of fuel from downtown Georgetown or Demerara to Essequibo means covering distances of 700 kilometers along rivers and through jungles. There are Guyanese in our territory who have gone to prison in their country for 10 months for not delivering an ounce of gold for each fuel drum.

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VENEZUELA

BRIEFS

CONTINGENCY CLAUSE IN DEBT NEGOTIATION APPROVED--Finance Minister Dr Manuel Azpurua has announced that the contingency clause proposed by Venezuela to the U.S. banks has been approved. The minister made the announcement at the end of the Council of Ministers meeting, during which he presented a report on the refinancing process, which is in the last stage, as it only needs to be signed. The finance minister was very pleased when he made the announcement today at the Miraflores Palace. Finance Minister Azpurua announced that the contracts will be signed on a date to be specified during a forthcoming meeting in November--probably sometime in next January or February. [Begin Azpurua recording] This will continue in a very definite manner to re-establishing confidence of the Venezuelans and foreign investors. This also belies rumors to the effect that things were not being done, that what we had said was not true. We always told the people this was a difficult process that would be completed stage by stage. [end recording] In his statements, the finance minister expressed appreciation for all persons who have cooperated in the process of renegotiating the foreign debt, including both finance ministry officials, as well as the members of the committee for the renegotiation of the foreign debt. [Excerpts] [Caracas Television Service in Spanish 0000 GMT 28 Nov 85 PA]/12766

LUSINCHI MEETS U.S. FEDERAL RESERVE CHAIRMAN--Venezuelan President Jaime Lusinchi met with Paul Volker, chairman of the U.S. Federal Reserve, at the Miraflores Palace today. After the meeting, the ranking U.S. official met with the press and expressed his approval of the way the Lusinchi administration has refinanced Venezuela's foreign debt. He said the Venezuelan government's responsible approach to its negotiations with the international banking community will guarantee the country's economic progress. He remarked that President Lusinchi has successfully resolved the problem of the payment of the private foreign debt. At this time, Mr Volker is meeting with the directors of the Central Bank of Venezuela. [Text] [Caracas Television Service in Spanish 1600 GMT 2 Dec 85 PA]/12766

CONSALVI DECLINES MEDIATING IN DISPUTE--Caracas, 28 Nov (DPA)--Venezuelan official sources reported today that five Chileans have entered the Venezuelan Embassy in Santiago. The five Chileans explained that with this action they were trying to get Venezuela to intercede before the Chilean government in order to find a solution to the 30-day old strike by Valparaiso dock workers. Valparaiso is Chile's major commercial port. This afternoon in Caracas, Venezuelan Foreign Minister Simon Alberto Consalvi said: "This sort of action is outside the framework of relations among states, as this is an internal matter in Chile and as such we cannot conduct any sort of mediation effort." The five Chileans were identified as Roberto Rojas Montoya, Carlos Baeza Pino, Estanislao Zuniga Serrano, Carlos Diaz Recabarren, and Eduardo Barraza Barrios. Three of them belong to the Valparaiso dock workers' labor union. [Text] [Hamburg DPA in Spanish 2100 GMT 28 Nov 85 PA]/12766

AMBASSADORS LEAVE--Panamanian Ambassador Everardo Bosquez de Leon will return to Panama late this month. He will be replaced by Marcel Salamin. Brazilian Ambassador Alfonso Arinos de Mello-Franco will be transferred to an Arab country. He will also leave late this month. [Summary] [Caracas EL NACIONAL in Spanish 15 Nov 85 p d-5 PA]/12766

PRESENTATION OF CREDENTIALS--Three new ambassadors presented credentials on 6 November to Venezuelan President Jaime Lusinchi: Victor George Lotto, from Canada; Pertti Justus Ripatti, from Finland; and Jorge Justo Boero Brian, from Uruguay. [Summary] [Caracas EL UNIVERSAL in Spanish p 1-17 PA]/12766

PLANNING OFFICE REORGANIZATION--Venezuelan President Jaime Lusinchi has ordered a reorganization of the Office of Coordination and Planning (CORDIPLAN) giving it more control over public investments. A General Directorate of Investment Planning was created to coordinate loans and credits particularly from international agencies for economic development. [Summary] [Caracas EL UNIVERSAL in Spanish 12 Nov 85 p a-1 PA]/12766

1984 ECONOMIC STATISTICS--The government's economic policy had positive results in 1984, according to statistics supplied by the Central Bank of Venezuela. In the external sector, there was a surplus of \$4 billion in the current account and balance of payments, international reserves recovered approximately \$2.5 billion, and the public foreign debt dropped approximately \$3 billion. Other positive signs are that the manufacturing industry experienced a growth of 5 percent and the agricultural sector 6 percent. In addition, oil exports increased 45 percent in the public sector and 21 percent in the private sector. [Summary] [Caracas Television Service in Spanish 1600 GMT 26 Nov 85 PA]/12766

SCIENTIFIC AGREEMENT WITH HUNGARY--Venezuela and Hungary have signed a scientific cooperation agreement for joint research and experiment programs of common interest. The agreement also provides for exchanging information in the fields of agriculture, pharmacy sciences, biotechnology, and microelectronics. [Summary] [Caracas EL UNIVERSAL in Spanish 8 Nov 85 p 1-23 PA]/12766

COMMUNIST PARTY FOUNDER DIES--Rodolfo Quintero, founder of the Communist Party of Venezuela, died on 11 November. [Summary] [Caracas EL NACIONAL in Spanish 12 Nov 85 p a-1 PA]/12766

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**DATE FILMED**

17 JANUARY 1986